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ER,

✓PATENTS CONVEYANCING:
BEING A COLLECTION OF
PRECEDENTS IN CONVEYANCING

IN RELATION TO
LETTERS PATENT FOR INVENTIONS,

ARRANGED AS FOLLOWS :

COMMON FORMS.
AGREEMENTS.
ASSIGNMENTS.
MORTGAGES.

SPECIAL CLAUSES.
LICENCES.
MISCELLANEOUS.
STATUTES, RULES, &c.

WITH

Dissertations and Copious Notes on the Law and Practice.

BY

ROBERT MORRIS, M.A.,

OF THE INNER TEMPLE, BARRISTER-AT-LAW.

C. C. Hutchinson.

NOTE TO THE READER

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PREFACE.

THE changes in the practice effected by the Patents, Designs, and Trade Marks Act, 1883 (46 & 47 Vict. c. 57), which came into operation on the 1st of January, 1884, seem to have caused a considerable increase annually in the number of applications for patents. The number of patents granted annually may probably be taken at not less than 10,000. Thousands also of patents granted under the old procedure are still in force. Having regard, then, to the enormous number of transactions which must necessarily have taken place, even in the last few years, in relation to patents, both before and after the grants, it seems a singular circumstance that no work has hitherto been published dealing exclusively with such matters. It is hoped that the following pages will, partly at least, supply a want that has, no doubt, been felt for many years. The writer's object has been to furnish to those who are concerned with patents, some precedents in conveyancing in relation to the latter, which will be found of a practical character.

The precedents are intended to be of considerable variety. Provisions are made for loans to inventors, repayable either absolutely, or only out of profits; or

for advances being made to them by way of purchase of shares in the patents. Sales of patents or shares in them, either to individuals or to companies, both in simple cases and also on what may be termed "the hire system," are provided for. A sale of the latter kind is intended to be carried out by the grant of an exclusive licence until all instalments of the purchase-money are paid, or the total amount of royalties paid have reached a particular sum at least. Precedents of agreements and assignments appear, in which are laid down the conditions under which co-applicants for, or co-owners of, patents, with or without the intervention of trustees, are separately to work the patents. An assignment of a patent for a district, the partition of a patent into districts, mortgages of patents, assignments and mortgages of licences, and the grant of a sub-licence are also provided for. There are also to be found precedents of exclusive, non-exclusive, and partially exclusive licences, with or without reservations, some of which contain special clauses relating to the supply of raw material or patent articles by one party to the other, or by the licensee to other licensees. The miscellaneous precedents relate to documents subsidiary to those dealt with in the other precedents, and include forms of notices. There are also many common forms and special clauses.

The Introductory Chapter gives a short outline of the late and present practice. The other Chapters deal with the contents of the precedents, taking special notice of covenants, and questions as to the nature and extent of the liability of assigns as to them, and also consider points in the general law relating to covenants and contracts. The amendment of an application for

a patent by introducing a lender or purchaser, the present system of registration, the rights and obligations of co-owners *inter se*, assignments of patents for districts, and the liabilities of lenders as partners, are also particularly considered.

The Appendix contains not only the Patent Acts and Rules but also the clauses of the International Convention, the Partnership Law Amendment Act, and parts of the Conveyancing, &c. Acts of 1881 and 1882.

Many thanks are due to the Comptroller-General and other officials at the Patent Office for information supplied respecting the practice at the Office. The Author is also much indebted to Mr. F. B. PALMER, of the Chancery Bar, Author of "Company Precedents," &c., for many valuable suggestions in relation to this work.

R. M.

5, NEW SQUARE,

LINCOLN'S INN.

June, 1887.

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ADDENDA, &c.

Page 62.—Refer to the following observations for pp. 130, 131.

Page 130.—The power to the mortgagor to grant licences might be made exerciseable not only up to the time when the power of sale should first become exerciseable, but also beyond that time, until the mortgagee shall give notice in writing to the mortgagor that he determines the power. The power of attorney might be made an *irrevocable* power for the prescribed period under sects. 8, 9 of the Conveyancing Act, 1882 (*post*, p. 384). Such a power would, no doubt, from the circumstances of the case, be held to have been given for valuable consideration. As a mortgage is registered simply as an assignment (*post*, p. 132, n.), the mortgagee can alone grant valid licences, subject to the question of notice as to equities. See sect. 87 of the new Act, *post*, p. 322. The power of attorney should, of course, enable the mortgagor to receive the royalties under each licence until the mortgagee, consistently with the other provisions in the power, shall, by notice in writing served on the licensee, require the future sums to be paid to himself.

Page 131.—The power to the mortgagee to grant licences might be made exerciseable only after he shall have given notice in writing to the mortgagor that he claims to be entitled to exercise the same.

Page 165, line 4 from the bottom.—After the word “owners” add (within the bracket), “and ‘estate and interest as aforesaid,’ instead of ‘share.’”

Last line but one. After the word “owner” add “but providing that the parties shall ‘contribute in the same proportions as provided in the case of fees as aforesaid.’” In the same line, substitute “and” for the last word “but.”

Pages 169, 170.—As to the power of the mortgagor to grant licences, refer to the above observations for p. 130. As to the power of the mortgagee to grant licences, refer to the above observations for p. 131.

Page 289, note (d).—The covenant might be as follows:—“And that he the said A. B. will not during the continuance of this licence do or knowingly suffer any act matter or thing whereby the said licence dated &c. may become determined or revoked.”

Page 297, Form IV.—The memorandum is to be supposed to be entered on the register in pursuance of a proviso in the power of revocation that “the licensee shall be at liberty at any time thereafter to sign and enter or cause to be entered on the register at the Patent Office a memorandum that this licence had become revoked as aforesaid.” In the form, for the word “agreement” write “licence.”

PATENTS CONVEYANCING.

INTRODUCTORY CHAPTER.

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THE NEW ACTS.

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Definition of letters patent. LETTERS PATENT in respect of an invention may be defined to be an instrument in writing or print issued by or on behalf of the Crown to the inventor, by virtue of which he and his assigns, and persons authorized by him and them respectively, are entitled during a fixed term of years to the exclusive right or privilege of using and exercising the invention, subject to the conditions prescribed therein (*a*). This right or privilege is an incorporeal chattel, which by the terms of the grant is impressed with all the character of personal estate by being limited to the grantee, his executors, administrators, and assigns (*b*).

Until the beginning of the year 1884, when the Patents, Designs, and Trade Marks Act, 1883 (*c*), first came into operation, letters patent were sealed with the Great Seal of the United Kingdom. By sect. 12 of that act, letters patent are to be sealed with the seal of the Patent Office, and when so sealed shall have the same effect as if sealed with the Great Seal.

Definition of "patent." The term "patent" is a convenient and popular expression, meaning the letters patent, and also, or, alternatively, according to the nature of the case, the right or privilege conferred by the instrument. The term will be used in the like sense herein. In the new act (*d*) the word "patent" is defined to mean "letters patent for an invention," but has, no doubt, the extensive meaning as above.

Who is an inventor. The term "inventor," as used herein, is to be understood to mean any person who, in the language of the Statute of Monopolies (21 Jac. I. c. 3 (*e*)), is "the true and first inventor of any new manufacture within this realm." This description was decided, in *Edgeberry v. Stevens* (*f*), to include "a first importer" from

The term includes "first importer."

(*a*) The term "letters patent" is from the Latin "*litteræ patentes*," or "open letters." The letters are addressed to the public at large, and therefore there is supposed to be no necessity to close or seal them up. Other letters of the Sovereign, which are closed up and sealed outside, are called "writs close" (*litteræ clausæ*). See 2 Bl. Com. 349 (Kerr); Agnew, 1.

For the present form of letters patent, see Form I, *post*, p. 48.

Letters patent are also issued which do not relate to inventions—*e.g.*, such as confer titles of honour, or appoint to public offices.

(*b*) Hindmarch, 233.

(*c*) 46 & 47 Vict. c. 57. This is in general referred to herein as "the new act" or "the Act of 1883," and is set out in the Appendix, pp. 305—330, and is followed by the two Amendment Acts of 1885 and 1886.

(*d*) Sect. 36.

(*e*) See this act in Appendix, *post*, p. 303.

(*f*) 1 Webs. 35.

abroad, *i. e.*, one who obtained his information from some person (the true inventor) abroad, and was the first to introduce the invention into this country. If the communication was not made in confidence, the importer would have been entitled to hold the patent for his own benefit (*g*), or, if otherwise, he would become a trustee for the inventor. The decision in *Edgeberry v. Stevens* has been followed or recognized in many other cases (*h*). The new act apparently makes no alteration in the position of such an importer (*i*).

The Statute of Monopolies (21 Jac. I. c. 3), which is still in force in certain sections (*j*), declares monopolies in general to be void (*k*), but excepts letters patent for the term of fourteen years or under, granted or to be granted to the first and true inventor in the case of new manufactures within the realm (*l*). This statute did not introduce a new law, but is simply declaratory of the common law, and simply exempts patents which are good at common law from the penalty which the statute imposes upon such patents as were then prohibited (*m*). The statute, in its unrepealed sections, is the only statute in force in relation to patents, except the new Act of 1883 and the Amendment Acts of 1885 and 1886. The list of acts (hereinafter called "the old acts") which were in force immediately before the 1st day of January, 1884, and are repealed by the new act, are to be found in the schedule to the latter (*n*). The Patent Law Amendment Act, 1852 (hereinafter called "the Act of 1852"), which has been wholly repealed by the new act, subject to the savings under sects. 45 and 113 of the latter act, gives the late practice for obtaining patents, which it is now proposed to notice shortly in some respects.

The Statute of Monopolies and the repealed acts.

15 & 16 Vict. c. 83.

An application under the Act of 1852 for the grant of letters

Former mode of application for a patent.

(*g*) *Steadman v. Marsh*, 2 Jur. N. S. 391.

(*h*) See *Nickels v. Ross*, 8 C. B. 679; *Plimpton v. Malcolmson*, L. R. 3 Ch. D. 555 (Jessel, M.R.); and *Marsden v. Saville Street, &c. Co.*, L. R. 3 Ex. D. 203 (Jessel, M.R.) and many other cases.

(*i*) See p. 10, *post*.

(*j*) See Appendix, p. 303, *post*.

(*k*) Sects. 1 and 3.

(*l*) Sects. 5 and 6.

(*m*) Agnew, 2, referring to 3 Co. Inst. c. 85, pp. 181—184.

(*n*) Appendix, p. 330, *post*. See, however, sect. 45 of the new act as to provisions relating to patents existing at the commencement of the latter, and sect. 113 thereof as to the saving, in certain respects, of the past operation of the repealed acts.

patent was by petition to the Crown, stating that the petitioner was in possession of the invention, which he believed would be of great public utility, and that he was the true and first inventor thereof, and that the same was not in use by any other person or persons to the best of his knowledge and belief (*o*). The petition was supported by a declaration verifying the statements, and also by an instrument in writing called a provisional specification signed by or on behalf of the petitioner.

Provisional
specification.

The provisional specification contained simply a description of the nature of the invention (*p*), without any details as to the manner in which it was worked (*q*), as the only object of such specification was to identify the invention with a view to obtaining the letters patent (*r*).

Provisional
protection.

As soon as the law officer to whom the provisional specification had been referred had certified his allowance of its sufficiency, and the certificate had been filed, the petitioner became entitled for six months as from the date of his application to use and publish the invention without prejudice to the grant of the patent. The privilege thus obtained was called "provisional protection" (*s*), as the petitioner was thereby protected from the consequences of publishing the invention, which would have the effect of depriving it of novelty before the patent was granted (*t*). No right of priority, however, was in this way gained over any other applicant for a similar invention, who had left at the Patent Office another provisional specification in respect of it (*u*). The privilege also did not enable the petitioner to take proceedings against any persons for acts of infringement committed before he obtained fuller patent rights, as next mentioned (*v*).

(*o*) The form of this petition was given in the schedule to the act. Where the petitioner was the importer only, the fact had to appear in the petition and proceedings, or otherwise the patent became void (*Milligan v. Marsh*, 2 Jur. N. S. 1083).

(*p*) Sect. 6. The new act has made no alteration as to the nature of a provisional specification.

(*q*) *Re Newall and Elliot*, 4 C. B. N. S. 269; *Penn v. Bibby*, L. R. 2 Ch. 127.

(*r*) *Re Newall and Elliot*, *supra* (per Pollock, C.B.).

(*s*) See sect. 8.

(*t*) Such prior publication might otherwise have been deemed a dedication to the public. See Hindmarch, 33.

(*u*) *Ex parte Bates and Redgate*, L. R. 4 Ch. 577; *Ex parte Bailey*, L. R. 8 Ch. 60; *Ex parte Henry*, *ibid.* 169.

(*v*) Sect. 24.

Instead of obtaining protection by means of a provisional specification, the petitioner could have obtained fuller patent rights for the same period of six months by filing a complete specification with his petition and declaration. A complete specification purported to be such as particularly described and ascertained the nature of the invention, and in what manner it was to be performed. It was under the hand and seal of the petitioner, and was verified by the declaration. No investigation of the merits of this specification beyond what was required in the case of a provisional specification took place, and as soon as a certificate of the proceedings had been given to the petitioner, he obtained his protection for the period of six months from the date of his application. Such protection was more extensive than the provisional protection, as the petitioner acquired the like powers, rights and privileges as might have been conferred on him by letters patent duly sealed as of the date of application, and without prejudice to the grant (*x*), and was enabled after the sealing of the patent to take proceedings for infringements committed in the meantime (*y*).

Fuller patent rights obtained by filing complete specification.

After all other necessary preliminaries had taken place, such as the giving of notice to the commissioners of the intention to proceed with the application, and the advertising by them of such intention, so as to enable any persons to oppose the grant, and subject to such opposition (if any), a warrant was issued by the law officer for the sealing of the patent (*z*); which, in general, was only issued within the time of protection, unless it was required in lieu of any other destroyed or lost, or unless the sealing had been delayed by reason of opposition (*a*).

Warrant for sealing the patent.

A patent was sealed either before or after the complete specification was filed. In the former case it contained a condition making it void if the grantee failed to furnish a complete specification or file the same within the proper period. In the latter case, the condition was to the effect that if the (so called) complete specification was false or incomplete, the patent would be void. There were other conditions for rendering the patent void, namely, in case (1) the grant was contrary to law or prejudicial or inconvenient to the public, or (2) the invention was not a new one as to

Contents of letters patent (old).

(*x*) Sect. 9.

(*y*) Sect. 24, as read with sect. 9.

(*z*) Sect. 15.

(*a*) Sect. 20.

the public use and exercise thereof within the kingdom, or (3) the grantee was not the true and first inventor within this realm as aforesaid (*b*), or (4) some previous patent had already been granted elsewhere in respect of the invention, or (5) the grantee should fail in payment of the stamp duties, or (6) the grantee should not cause the patent articles to be supplied for the service of the Crown when required. The patent was granted to the patentee, his executors, administrators, and assigns.

Alteration of
specification
by disclaimer.

No provision was made under the old law for amendment of the complete specification after the grant of the patent, except under the Amendment Act of 1835 (*c*). By that act (*d*) any person who as grantee, assignee, or otherwise, obtained a patent, might, by leave of the law officer, enter a disclaimer of any part of the specification, or of the title of the invention, or enter a memorandum of any alteration in the specification or title, but not so as to extend the patent rights. Where there was no opposition (commenced by entry of a caveat) the disclaimer or the memorandum of alteration was filed and enrolled with the specification, and was deemed part of the patent or specification (*e*). The object sought was to procure the omission of such words or statements as tended to vitiate the patent (*f*), and therefore was by way of rejection only (*g*), except as to the insertion of words necessary to complete the meaning (*h*). No extension of the patent was allowed (*i*), but clerical errors in a specification were corrected on application to the Master of the Rolls (*j*).

What persons
could enter
disclaimers.

Under the Act of 1835 (*k*) it was held that a grantee of a patent, though he had entirely parted with his interest, might enter a disclaimer (*l*). After that decision the Act of 7 & 8 Vict. c. 69, was passed, providing (*m*) that a patentee who had assigned any part of his interest might, together with the assignee, and an assignee of

(*b*) That is, as to the public use and exercise thereof.

(*c*) 5 & 6 Will. IV. c. 83, which is totally repealed by the new act.

(*d*) Sect. 1.

(*e*) *Ibid.*

(*f*) *Ralston v. Smith*, 11 H. L. Cas. 243.

(*g*) *Ibid.*, per Lord Westbury.

(*h*) *Ibid.*, and also *Thomas v. Welch*, L. R. 1 C. P. 192.

(*i*) *Foxwell v. Bostock*, 4 De G. J. & S. 298.

(*j*) *Johnson's Patent*, L. R. 5 Ch. D. 503; *Sharp's Patent*, 1 Webs. 641.

(*k*) Sect. 1, *ubi sup.*

(*l*) *Spilsbury v. Clough* (1842), 2 Gale & Dav. 17; 1 Webs. 255.

(*m*) By sect. 5, which is repealed by the new act.

the whole interest might alone, enter a disclaimer or memorandum of alteration, which when entered and filed should be valid and effectual in favour of the person or persons in whom the rights were or became vested. It also provided (*m*) that no objection should be made in any proceeding whatsoever on the ground that the party making such disclaimer or memorandum had not sufficient authority in that behalf. The public being thus concerned or bound, subject to the question of fraud (if any), only according to the record, reliance was placed on the discretion of the law officer in giving leave to disclaim (*n*). In *Wallington v. Dale* (*o*) the patentee had assigned the patent, and alone entered a disclaimer before the complete specification was filed, and it was held that the disclaimer was valid as from the date of record of it. In consequence of the power of the grantee to enter a disclaimer after he had assigned all his interest, it was not unusual in practice for the grantee, on the assignment, to covenant not to enter a disclaimer without the leave of the assignee.

Disclaimers were not generally retrospective, so as to give the owner of the patent power to take proceedings for infringements of the patent committed before the filing of the disclaimer (*p*). By the Act of 1852 (*q*), the leave of the law officer was required in order to take such proceedings. When leave was given by the law officer to disclaim, conditions were usually imposed, regard being had to the circumstances under which the invention may have been used by other persons previous to the application for leave. Sometimes there was a condition that the owner of the patent should not sue in respect of any past infringements (*r*), especially where the patent had been long imperfect from want of a disclaimer, and manufacturers had embarked large capital in making and dealing with the patent articles (*s*). Where a person,

Disclaimers,
when retro-
spective in
effect.

(*m*) *Ibid*.

(*n*) See *Spilsbury v. Clough* (*ubi sup.*, and which was decided before the act of 7 & 8 Vict. c. 59, was passed) as to the remarks of Lord Denman, C.J., on the exercise of this discretion.

(*o*) 7 Exch. 888 (1852).

(*p*) *Lucas's Patent*, Macr. P. C. 235. See also *Perry v. Skinner* (1837), 2 M. & W. 471; *Stocker v. Waller*, 9 Jur. N. S. 138; and *S. C. nom. Stocker v. Warner*, 1 C. B. 148. See, however, *Reg. v. Mill*, 10 C. B. 379.

(*q*) Sect. 39.

(*r*) *Smith's Patent* (1855), Macr. P. C. 232, 234; *Harrison's Patent* (1853), *ibid*. 31.

(*s*) *Tranter's Patent*, Johns. P. M. 191; Lawson, 25.

who had obtained his information from the patentee as to the process, presumed upon a defect in the specification, and infringed the valuable part of the patent, and worked the same in secret, and otherwise acted unfairly, he was held bound, on the application for leave to disclaim, to pay a fixed sum to the patentee as a condition for not being proceeded against for the infringement (*t*). The law officer might, if he thought fit, on an application for leave to disclaim, order an action to be brought in respect of past infringements (*u*).

Effect of dis-
claimers.

The effect of a disclaimer was to make the owner of the patent the patentee of the undisclaimed part only, as from the date of the disclaimer (*v*), subject, as we have seen (*w*), to the equities (if any) between himself and any other persons who had worked the invention in opposition to his interests. The effect was merely to strike out from the specification those parts of the machine [or other article or commodity made by the invention or to which the latter could be applied] which were disclaimed, and the disclaimer could not be read as explanatory of that which remained (*x*).

Registration
under old
practice.

The Act of 1852 (*y*) provided that two books or series of books should be kept at the Patent Office for the purposes of registration, to be called respectively the "Register of Patents" and the "Register of Proprietors." In the Register of Patents were to be recorded the grant of patents, the deposit and filing of certificates, disclaimers and other matters and things affecting the validity of the patents (*z*). In the Register of Proprietors were to be recorded all assignments, licences, and other dealings and matters relating to the proprietorship of patents (*a*). It was the practice to enter in the latter register the documents in their entirety, and no restriction seems to have been placed on the entry therein of documents conferring mere equitable interests in patents, or even the right to a share of the net profits to be made in working them (*b*).

(*t*) *Lucas's Patent*, *ubi sup.*; Lawson, 25.

(*u*) *Smith's Patent*, *ubi sup.*

(*v*) *Clark v. Kenrick*, 12 M. & W. 221.

(*w*) *Lucas's Patent*, *ubi sup.*

(*x*) *Tetley v. Easton*, 2 C. B. N. S. 706.

(*y*) Sects. 34 and 35.

(*z*) Sect. 34.

(*a*) Sect. 35.

(*b*) In *Re Morey's Patent*, 25 Beav. 583, it was held that this register might contain not only a register of documents, but any other fact which the court or the commissioners might think fit. In the new act (*Appendix, post*, pp.

The Act of 1852 (c) also provided that certified copies of entries in the Register of Proprietors were to be received in evidence in all courts and proceedings, and should be *prima facie* proof of the assignment, licence, or proprietorship, and until such entries, the grantee or grantees were to be deemed the sole and exclusive proprietors (c). Any such entry might have been expunged on the application of an aggrieved party (d).

As between the assignor and assignee, and also as against third parties having notice of the assignment at the time of their dealing with the assignor, it was decided that notwithstanding sect. 35 of the Act of 1852, registration of the assignment was not necessary (e). Where, however, the assignee wished to sue a third person for infringement the assignment must first be registered, as the defendant would not be liable to be sued at the same time for the same infringement by both assignor and assignee (f). It had not been exactly decided that the registration of a document would have any retrospective effect. In *Hassall v. Wright* the Vice-Chancellor thought that the registration of an assignment would relate back to the date of the assignment, but it was not there necessary to decide the point. The equitable doctrine of notice as to questions of priority between successive assignees or incumbrancers, applies to dealings with patents (f).

Effect of registration (old practice).

As to other matters relating to the late law and practice, such as the extension of the term and revocation of letters patent, reference will be made further on in this chapter, so far as they may be likely to affect existing patents granted under the old law. The new law and practice are now to be noticed.

Other matters under old practice.

THE NEW ACTS.

The Patents, Designs, and Trade Marks Act, 1883 (46 & 47 Vict. c. 57), came into operation, as before stated, on the 1st day of

The Acts of 1883, 1885, and 1886.

313, 322) only *notifications* of documents are to be entered (sect. 25, and see *post*, p. 23), and no trusts are to be noticed (sect. 85).

It was not the practice, however, to register documents affecting provisional protections only (Johns. P. M. 221). No document was registered until the patent was sealed. After sealing, except as above, a document could be registered whatever its date.

(c) Sect. 35.

(d) Sect. 38.

(e) *Hassall v. Wright*, L. R. 10 Eq. 510 (Malins, V.-C.). The decision also applied to a licensee of the assignor who had notice of the assignment prior to the grant of his licence.

(f) *Chollet v. Hoffman*, 26 L. J. Q. B. 249.

January, 1884. It has been amended in some small particulars by the Patents, Designs, and Trade Marks (Amendment) Act, 1885, and the Patents Act, 1886 (*g*). Except as to the savings in sects. 45 and 113 of the principal act, the new acts apply to all patents existing at the commencement of the principal act and the proceedings connected therewith (*h*).

Comptroller. The head of the Patent Office is the Comptroller-General of Patents, Designs, and Trade Marks (shortly termed "the comptroller"), who acts under the superintendence of the Board of Trade (*i*). This superintendence and control are limited to the management of the Patent Office, and the framing of rules for the conduct and the appointment of the officers thereof (*j*). Appeals from the decisions of the comptroller are made, as will be seen (*k*), to the law officer, *i. e.*, the Attorney-General or Solicitor-General for England (*l*).

General rules regulating practice at Patent Office issued by Board of Trade. General rules for regulating the practice of the Patent Office and other matters placed under the direction of the comptroller or of the Board of Trade, are provided to be made from time to time by the Board, and laid before Parliament for 40 days, to allow for resolutions (if any) to be made annulling them, or any of them, and to be advertised in the Official Journal (*m*). Under these provisions, the rules and forms set out in the Appendix hereto were in the years 1883 and 1885 issued by the Board.

First importer is still an "inventor." The new act does not probably take away the right or claim of the first importer of an invention from abroad to obtain a patent in this country in respect of it. The term "inventor" is not defined except by implication from the definition of the word "invention" in sect. 46, namely, "any manner of new manufacture the subject of letters patent . . . within sect. 6 of the Statute of Monopolies" (*n*). As the new act professes to be one for consolidation as well as amendment of the laws relating to patents, &c.,

(*g*) 48 & 49 Vict. c. 63, and 49 & 50 Vict. c. 37. See these acts in the Appendix hereto.

(*h*) See p. 22, *post*.

(*i*) Sect. 82.

(*j*) Compare sects. 82, 83, and 101 with sect. 95.

(*k*) See sects. 7, 9, 11, 12, &c.

(*l*) By definition in sect. 117.

(*m*) Sect. 101. As to the Official Journal, which is illustrated, see sect. 40, and also Patents Rules, 1883, r. 31, *post*, pp. 318, 339.

(*n*) See p. 2, *ante*, as to the decisions on the meaning of the words "true and first inventor."

it seems fair to suppose that the rights or claims of "first importers" would be disallowed only by some express provision to that effect, or by necessary implication. The only implication that might obtain seems to be that which arises from the obligation (*o*) that one of the applicants must claim to be "the true and first inventor" (*p*). The interpretation of this expression may be said to be imported into the new act by the reference (as above mentioned) to sect. 6 of the Statute of Monopolies, which is unrepealed (*q*).

Applications for a patent may now be made by any person, whether a British subject or not, or by any two or more of such persons jointly (*r*), but one at least of the applicants must be the inventor (*s*), or, as mentioned later, his executors or administrators. An infant may be a grantee (*t*), and so may a married woman (*u*). A body corporate may also apply (*v*). A patent could always be granted to an alien *amy* (*w*), although resident abroad (*x*). Where a referee was appointed by act of parliament to make inquiries of

Who may
apply for a
patent.

(*o*) Sect. 5, sub-s. 2.

(*p*) See, however, as to claims by representatives of deceased inventors, p. 12, *post*.

(*q*) Mr. Terrell, in his work (Introduction, and pp. 12, 17, 21), thinks that an importer cannot now obtain the grant of a patent. Mr. Seward Brice (p. 3) has doubt on the subject. Messrs. T. Aston (p. 4), Lawson (p. 3), and Johnson (p. 96), hold the view expressed in the text. The Form A 1 of the Patents Rules (p. 359, *post*), according to which an importer declares that the invention was communicated to him from abroad, and that he claims to be the true and first inventor thereof, is, no doubt, as Mr. Terrell contends, objectionable, according to the ordinary meaning of the words, but the same may be said as to the effect of the decisions that the term "inventor" includes "importer." The difficulty is to employ language in the declaration which will satisfy the requirement of sect. 5, sub-sect. 2 (as above mentioned), and also disclose the fact of communication. In *Milligan v. Marsh* (2 Jur. N. S. 1083), it was decided that a patent obtained by an importer who in his declaration did not state the fact of communication, was void. This decision must, it is conceived, still rule. See on this, p. 13, *post*.

(*r*) Sect. 4. See also sect. 5 of the Amendment Act, 1885.

(*s*) Sect. 5.

(*t*) *Cheavin v. Walker*, L. R. 5 Ch. D. 858 (per Bacon, V.-C.). See sect. 99, *post*, p. 324, as to declarations by guardians or committees or other persons in the case of applications for patents on behalf of infants, lunatics, or other persons under disability.

(*u*) See Married Women's Property Act, 1882 (45 & 46 Vict. c. 75), as to the holding or acquisition of property by married women independently of their husbands.

(*v*) Sect. 117.

(*w*) *Beard v. Egerton*, 3 C. B. 130.

(*x*) *Re Wirth's Patent*, L. R. 12 Ch. D. 303.

a public nature, he was not allowed to take out a patent for any discovery made in the course of his duties (*y*). Where a master and his foreman both made the same improvements, it was held that the patent sought to be taken out by the master ought only to be granted on the terms of being vested in trustees for both (*z*).

Devolution of right of application.

Joinder of co-applicants by amendment.

If, however, an inventor should die before making the application, his executors or administrators may, within six [calendar] months of his death, make the like application (*a*). An application for a patent may, under the implied powers vested in the comptroller, be amended at any time or times before the grant of the patent. Thus, the inventor, after his application has been accepted, may associate any other person or persons with himself in the grant, and he is then at liberty to have the application amended so as to introduce his or their name or names as co-applicants. As amended, the application will have effect as from its original date (*b*). All documents for the amending of which no special provision is made by the act may be amended if and on such terms as the comptroller may think fit (*c*).

Present mode of application.

The application for a patent is now made by a short declaration (*d*) ending in a prayer for the grant (*e*), accompanied by either a provisional or complete specification. These specifications are to be of the same nature respectively as those formerly required (*f*), but need not be under seal (*g*).

(*y*) *Patterson v. Gas Light and Coke Co.*, L. R. 3 App. Cas. 239.

(*z*) *Re Russell*, 2 De Gex & Jo. 130. As to conflicting applications by master and servant, see *Ex parte Scott and Young*, L. R. 6 Ch. 274.

(*a*) Sect. 34. The term "legal representative" there used no doubt means "legal *personal* representative."

(*b*) This and the preceding statement may be verified by inquiry at the Patent Office.

(*c*) Patents Rules, 1883, r. 18. For these rules, see pp. 335—353, *post*. The office of the Comptroller-General of Patents, Designs, and Trade Marks is established by the act, see sect. 82, and *ante*, p. 10.

(*d*) See Forms A and A 1 of Patents Rules, 1885, pp. 358, 359, which do not make the declarations statutory. These forms are prescribed under sect. 2 of the new act. Declarations and acts to be made or done on behalf of infants, lunatics, &c., may be made or done by the guardians, committees, or (if there be none) by persons appointed by the court upon petition. See sect. 99.

(*e*) Sect. 5, and Forms A, A 1, of Patents Rules, 1885, pp. 358, 359, *post*.

(*f*) See old law, pp. 4, 5, *ante*. The complete specification must, however, now end with a distinct statement of the invention claimed (sect. 5), which was not the case under the old law.

(*g*) See Forms B and C of Patents Rules, 1885, p. 360, *post*.

Where an importer applies for a patent, it seems that, from the form of application to be used by him, he must be resident in the United Kingdom, and therefore that no patent can, at present, be granted to the agent of the foreign inventor unless such agent resides here (*h*). An inventor, if a foreigner resident abroad, need not employ an agent, but can use Form A (p. 358, *post*) (*i*). The fact of communication must be stated in the declaration in order, apparently, to protect (if necessary) the rights of the foreign inventor in this country, in case his communication was made in confidence, or wholly or partially for his own benefit (*j*).

An importer must be resident.

Fact of communication to be stated.

The application for a patent is referred to an examiner, who reports on the specification (provisional or complete) and advises the comptroller as to the acceptance or refusal of the application, with or without amendment. The comptroller's decision may be appealed against to the law officer (*k*). Where an application has been abandoned or become void the specification and drawings (if any) left therewith are not to be open to the public inspection or published by the comptroller (*l*).

Reference of application to examiner.

Abandoned applications not published.

Provisional protection is afforded by the acceptance of the application where only a provisional specification has been furnished (*m*), and is similar to that afforded under the old law (*n*). Its duration is from the date of the application to the date of the sealing (if any) of the patent, instead of for a period of six calendar months as formerly (*m*); but it will not, however, extend beyond the latest time when the complete specification may be left (*o*). As the failure to obtain the acceptance of the complete specification within the prescribed time or extension thereof is, as

Provisional protection under new act.

(*h*) See Form A 1, *post*, p. 359. The Patent Office has given notice that applicants using this form must be resident in the United Kingdom (Johns. P. M. 96, 365). In *Re Wirth's Patent*, L. R. 12 Ch. D. 303, it was held by Cairns, L.C., that a patent might be granted to an alien person resident abroad who had obtained the communication from another alien also resident abroad.

(*i*) As to Forms A, A 1, see Johns. P. M. 96, 317.

(*j*) See *Milligan v. Marsh*, 2 Jur. N. S. 1083 (*ubi sup.*), and *Steadman v. Marsh*, 2 Jur. N. S. 391. The name of the communicant is to be mentioned in the declaration. (Form A 1, *post*, p. 359.)

(*k*) See sects. 6 and 7.

(*l*) Sect. 4 of Amendment Act, 1885 (Appendix). The abandonment, &c., must be before the acceptance of the complete specification, as publication takes place on such acceptance. See sect. 10, and *post*, p. 14.

(*m*) See sect. 14.

(*n*) *Ante*, p. 4.

(*o*) As to this time, see sect. 8, and p. 14, *post*.

next mentioned, to be deemed an abandonment of the application, it follows that if the failure occurs, provisional protection at once ceases, and, consequently, that if the applicant intends to make a fresh application he must discontinue the public use of the invention (*p*). The above point could barely have arisen under the old law, as protection was afforded for a fixed period of six months, without reference to the date of sealing, and the application for the warrant for and the issue of the patent might have been made at any time up to twelve days before the expiration of the period (*q*).

Times for leaving and acceptance of complete specification.

A complete specification in lieu of a provisional specification can be left with the application. Where, however, a provisional specification is put in, the complete specification must be left within nine calendar months from the date of the application or otherwise the application will be deemed to be abandoned (*r*). Another month or less may be allowed on payment of the prescribed fee (*s*). The complete specification will be void if not accepted within twelve months (*t*) from the date of application, unless the applicant lodges an appeal against the refusal to accept (*u*).

Reference of and report on the specifications.

The provisional (if any) and complete specifications are to be referred to an examiner who will ascertain their fitness and (if necessary) that the invention stated in both is substantially the same, and make his report thereon to the comptroller, who may refuse to accept the complete specification unless it be amended to his satisfaction (*v*).

On acceptance the public may inspect for first time.

The first publication, consequent on the proceedings, takes place immediately on the acceptance of the complete specification. The fact of acceptance is advertised in the Official Journal of the Patent Office, and the application and specification with the drawings (if any) are then open to public inspection (*w*).

(*p*) As to non-publication in the case of an abandoned application, see sect. 4 of Act of 1885 (p. 332, *post*). Under the old law, the abandonment of proceedings commenced with a provisional specification did not establish publication (*Oxley v. Holden*, 8 C. B. N. S. 666).

(*q*) See third set of rules to Act of 1852.

(*r*) Sect. 8. As to non-publication of abandoned applications, see sect. 4 of Act of 1885 (p. 332, *post*), and *Oxley v. Holden*, *supra*.

(*s*) Sect. 3 of Act of 1885.

(*t*) Extendible three months longer at most by sect. 3 of Act of 1885.

(*u*) Sect. 9, sub-s. 4.

(*v*) Sect. 9.

(*w*) Sect. 10, and Patents Rules, 25, 26 (p. 338, *post*).

The protection afforded by the acceptance of the complete specification is similar to that under the old law (*x*). From the date of acceptance until the sealing or expiration of the time for sealing the patent the applicant has the like privileges and rights as if a patent had been sealed at the date of acceptance, but he cannot institute any proceeding for infringement unless and until the patent is granted to him (*y*), and then only for infringements committed after such acceptance (*z*).

Patent rights
by acceptance
of complete
specification.

A patent will be sealed as soon as may be, but not after the expiration of fifteen months or (in case of extension by the comptroller (*a*)) nineteen months from the date of application, unless delay is caused to the sealing by an appeal to the law officer in respect of it or by opposition to the grant (*b*). Where the sealing is thus delayed, further time may be given by the law officer (*b*). If the applicant dies within the fifteen months (*c*) the patent may be granted to his legal [personal] representatives, and sealed at any time within twelve months after the death (*b*). The date of sealing is put as of the day of [initial] application, although (as said before) no proceedings can be taken in respect of infringements committed before the publication of the complete specification (*d*).

Time for seal-
ing patent
(new prac-
tice).

Prior public user, want of utility, or an objection that the invention is not properly the subject-matter of a patent, was formerly, but is not now, a ground of opposition to the grant, which can now be opposed only on the three grounds mentioned in the act (*e*). These grounds must be either—(1) that the applicant has obtained the invention from the other party or from the person of whom the latter is the legal representative, or (2) that the invention has been patented in this country on an application of prior date, or (3) that an examiner has reported to the comptroller

Opposition to
grant.

(*x*) *Ante*, p. 5.

(*y*) Sect. 15. The provisional protection may be considered as merged in the patent rights thus obtained. As to the time for sealing, see *infra*. The sealing may be delayed by opposition.

(*z*) Sect. 13.

(*a*) If the comptroller allows extra time for leaving or accepting the complete specification (not exceeding one month and three months respectively), a further extension of four months is allowed for sealing in addition to the fifteen months (sect. 3 of Act of 1885).

(*b*) Sect. 12.

(*c*) Or nineteen months or later (if any) time for sealing. Such an extension is probably to be implied in sect. 12.

(*d*) Sect. 13.

(*e*) Lawson, 11, and cases there cited.

that the specification appears to comprise the same invention as is comprised in a specification bearing the same or a similar title, and accompanying a previous application (*g*). Notice of the opposition must be given at the Patent Office within two months from the date of the advertisement of the acceptance of the complete specification, and then by the comptroller himself to the applicant (*g*). At the end of the two months the comptroller will hear the case, and decide thereon subject to an appeal to the law officer (*g*). Evidence on oath may be taken at the hearing of the appeal (*h*).

Contents of
letters patent
(new).

The form of letters patent given in the schedule to the new act differs in some respects from the old form (*i*). There is now no recital, as was formerly the case, that the grantee believes the invention to be of great utility, as such recital was always apparently unnecessary (*j*). The term "patentee" is by recital made to apply to the grantee, his executors, administrators, or assigns. In the present form there is a recital that the inventor has by and in his complete specification particularly described the nature of his invention. Such a recital would necessarily not be inserted in patents granted before the act, as not only was the complete specification, if put in before the grant, not investigated at the office, as now is the case, but the grant might have been made before any complete specification was put in (*k*). It does not seem, however, that such recital, inserted on the strength of the report of the examiner as to the sufficiency of the specification, will make the insufficiency thereof no longer a ground for revocation (*l*). The operative part of the patent is substantially the same as before, except that the Channel Islands are omitted. Licences, or consents, or agreements to use the invention are to be under the hand and seal of the grantee, but it is not stated, as formerly, that such must be obtained beforehand (*m*). The conditions for making void the patent are substantially the same as in the old form, with the

(*g*) Sect. 11.

(*h*) Sect. 38. See Patents Rules, 1883, rr. 32—41 (p. 339, *post*), as to proceedings in opposition to grants of patents.

(*i*) See as to contents of old form, pp. 5, 6, *ante*.

(*j*) See Hindmarch, 47.

(*k*) See *ante*, pp. 5, 6, as to grant of former patents.

(*l*) For present grounds of revocation, see sect. 26, and *post*, pp. 20, 21.

(*m*) A verbal agreement in the nature of a licence which had been acted on by both parties for some years, and under which royalties had been paid, was held to be a continuing licence (*Crossley v. Dixon*, 10 H. L. Cas. 293). See Chapter on "Licences," *post*.

following variations and exceptions:—As the patent cannot now be granted before the acceptance of the complete specification, there is, of course, no condition, as formerly, as to the non-filing thereof within the prescribed period. The present form finally provides that the patent shall be construed in the most beneficial sense for the advantage of the patentee. This is, in effect, the former provision of the like kind, but with the omission of the words “notwithstanding the not full and certain describing the nature or quality of the said invention, or of the materials thereunto conducing and belonging.” These additional words were probably inserted to meet the case of the invention not being fully and certainly described in the patent itself; for, before such form was used, it seemed the practice to insert the specification *in toto* in the patent by way of recital (*n*).

The duration of the patent, when sealed, is the full term of fourteen years from the time of application, subject to the payment of the fees within the prescribed times (*o*), and to the other conditions in the patent itself (*p*).

The new act provides for the assignment of a patent for any place in or part of the United Kingdom and Isle of Man as effectually as if the patent were originally granted to extend to that place or part only (*q*). This is a new provision. Formerly, before the Act of 1852, separate patents were granted for England, Scotland, and Ireland. By that act patents for the entirety of the United Kingdom were only granted, but it was provided that

Duration of patent.

Assignment of patent rights for a district.

(*n*) Bythewood & Jarman, Vol. VII. 3rd ed. 1842, p. 480, who confined the additional words to the patent itself, and not to the actual specification, which, of course, stood on its own merits. See also Webs. 42, *n*.; Hindmarch, 72, 73, 106.

(*o*) As to what fees are payable, see second schedule to the act (p. 329, *post*), Fees. and first schedule of the Rules of 1883 (p. 344, *post*), and of 1885 (p. 357, *post*). The second list appears to comprise the former, with additions. (See Rule 4, p. 335, *post*.) If default in payment of fees is caused by mistake or inadvertence the comptroller may enlarge the time. (Sect. 17.)

(*p*) Under sect. 25 of the Act of 1852, patents obtained here for inventions already patented abroad became void on the expiration of the foreign patent. The new acts have no similar provision, so that it may be presumed that the duration of a British patent granted under them, whether on an application pending at or made since the commencement thereof, is unaffected by that of any foreign patent for the same invention. See Lawson, pp. 140, 141 (notes to sect. 45), as to the effect of sect. 113, *post*, in respect of sect. 25 of the Act of 1852.

Expiration of foreign patents, how affecting like British patents.

(*q*) Sect. 36.

M.

C

Assignments
of shares, &c.
in a patent.

assignments of such patents might be made separately for each of the countries. As will be seen hereafter, not only the entirety of the patent and any undivided part or share therein, but also the entirety of the patent itself, so far as it relates to some distinct or separate part (if any) of the invention, can be assigned (*r*).

Amendments
of specifica-
tions by dis-
claimer, &c.

The amendment of the specification, both before and after the grant of the patent, is not now restricted to mere rejection, as was the case under the former process of disclaimer (*s*). As amended, however, the specification must not claim an invention substantially larger than or different from the invention as claimed by the specification before the amendment (*t*); but, with this exception, the amendment may be by way of disclaimer, correction, or explanation (*u*). The applicant or patentee (*v*) first obtains leave from the comptroller or (on appeal) the law officer to make the amendment. The application for leave is advertised in the Official Journal, and may be opposed on the hearing before the comptroller or law officer. The leave, when obtained by the applicant or patentee, is conclusive as to his right to make the amendment, except in case of fraud, and may be given subject to conditions (*w*). Where any action for infringement, or other legal proceeding in relation to the patent, is pending, the foregoing provisions do not apply (*x*); but where the action or proceeding is for infringement or revocation of the patent, the owner thereof may, by order of the court or a judge in such action or proceeding, subject to terms (if any) as to costs or otherwise, be at liberty to apply at the Patent Office for leave to amend his specification by way of disclaimer, and the trial or hearing may in the meantime be directed to be postponed (*y*).

(*r*) See Chapter on "Assignments," *post*, p. 110.

(*s*) See pp. 6—8, *ante*.

(*t*) Sect. 18, sub-sect. 8.

(*u*) Sect. 18, sub-sect. 1.

(*v*) This term means the person for the time being entitled to the benefit of the patent, and is so defined by sect. 46. It does not seem, therefore, that the grantee, after he has parted with the whole of his interest, can disclaim or make any other amendment. See old law on this, pp. 6—8, *ante*.

(*w*) See sect. 18 generally for this and the preceding two statements. The specification must apparently be the complete specification, after acceptance at least, as until then there is no publication from the office. (Sect. 10.) The comptroller or law officer is, no doubt, in imposing conditions, guided by the old practice as to disclaimers. See pp. 6—8, *ante*.

(*x*) Sub-sect. 10.

(*y*) Sect. 19. See *Fusee Vesta Co. v. Bryant and May* (1887), L. R. 34 Ch. D. 458 (Kay, J.), and *Bray v. Gardner* (1887), L. R. 34 Ch. D. 668 (C.A.), as to the terms on which such an order has been granted.

Subject to such conditions to the contrary as may be imposed on the applicant or patentee on his obtaining leave to amend the specification, as before mentioned, it appears that amendments now have a retrospective effect. By sect. 19 of the Act of 1852, no action could be brought for an alleged infringement committed before the filing of the disclaimer, unless with the leave of the law officer (z). Under the new act no such leave is required, but no damages will be given in any action in respect of the use of the invention before the amendment was made, unless the court is satisfied that the original claim of the patentee was framed in good faith and with reasonable skill and knowledge (a).

Retrospective effect of amendments of specifications.

The term of a patent may, in certain instances, on petition to the Queen in Council, be extended for the benefit of the patentee or his assigns (b). The extension will be granted as a matter of favour and not of right (b), and mainly on the ground of the extraordinary merit of the invention and the inadequate remuneration already afforded to the inventor therefrom (c). This was the old law (d), and in the absence of provision to the contrary in the new act, must no doubt still prevail. It is however provided by the new act (e), that the Judicial Committee of the Privy Council, in considering the application, are to have regard to the nature and merits of the invention in relation to the public and to the profits made by the patentee [or his assigns] as such, and to all the circumstances of the case. The intention to apply must be advertised six months at least before the expiration of the term (f). The committee will hear the petitioner and any person who opposes the extension or their respective counsel (f). The extension will not be for more than seven years, but in exceptional cases the committee, in lieu of extending, may order a grant of a new patent "for the term therein mentioned," and containing such restrictions, conditions, and provisions as the committee may think fit (g).

Extension of term of patent.

(z) See *ante*, p. 7, as to this.

(a) Sect. 20.

(b) See sect. 25.

(c) See *Adair's Patent*, L. R. 6 App. Cas. 178.

(d) See *Pitman's Patent*, L. R. 4 P. C. 87; also *Honiball's Patent*, 9 Moo. P. C. C. 393; *Markwick's Patent*, 13 Moo. P. C. C. 313; *Derosne's Patent*, 2 Webs. 4; and *Norton's Patent*, 1 Moo. P. C. C. N. S. 339 (all cited in Lawson, 34).

(e) Sect. 25, sub-sect. 4.

(f) Sect. 25, sub-sect. 1.

(g) Sect. 25, sub-sect. 5.

Rules of procedure and practice for regulating proceedings on such petitions may be made from time to time by the Queen in Council; and, subject thereto, the procedure and practice of the Judicial Committee, as existing at the commencement of the act, is to prevail (*h*).

Revocation of patents.

Patents were formerly liable to be revoked or declared void on account of fraud, false suggestion, non-compliance with the conditions, failure of any of the essential requisites of novelty and utility, or abuse of the privileges granted by the patent (*i*). Under the new act (*j*) every ground on which a patent might, at the commencement of the act, be repealed by *scire facias*, is available by way of defence to an action for infringement, and is also a ground of revocation. In construing this provision, however, allowance must be made for the changes made in the proceedings to obtain patents. Under the old law, as we have seen (*k*), there was no investigation at the Patent Office of the merits of the complete specification before the grant was made, and the patent was void if such specification turned out insufficient. Proceedings by a process called *scire facias* (*l*) were the means to repeal the patent in such event. In the present form of a patent, there is no recital of the result of the investigation, except as to the specification having *particularly* described the nature of the invention. This "particular" description is perhaps little (if any) more than what is required for a provisional specification (*m*), and does not include the further requirement of a complete specification, namely, that it should "particularly describe and ascertain . . . in what manner it [the invention] is to be performed" (*n*). As, also, the act does not make the acceptance of the complete specification conclusive

(*h*) Sub-sect. 6. No rules have been made under this provision. See the rules existing at commencement of the new act, and which are still in force, *post*, Appendix, p. 362.

(*i*) Webs. 32; Lawson, 45.

(*j*) Sect. 26, sub-sect. 3.

(*k*) *Ante*, p. 5.

(*l*) As to the practice upon writs of *scire facias*, see Hindmarch, 376; Norman, 194.

(*m*) By No. 10 of the second set of Rules and Regulations under the Act of 1852, the provisional specification was to state distinctly and intelligibly the whole nature of the invention, so that the law officer might be apprised of the improvement, and of the means by which it was to be carried into effect. This must be read in connection with the decisions in the cases mentioned at p. 4, *ante*.

(*n*) See sect. 5.

as to its sufficiency, it seems that the insufficiency of the specification would now be a ground of revocation, as it was before the act. It is suggested (o), however, that as by sect. 33 this form is not compulsory, and by sect. 116 the prerogative of the Crown in relation to the grant or withholding the grant of a patent is saved, the Crown may insert a condition making void the patent in case of the insufficiency of the specification. Should this be the case, and the courts decide that the acceptance of the specification is conclusive as to its sufficiency in an application for revocation, the form of a patent would probably be changed so as to insert this condition (p).

The old proceeding for revocation by *scire facias* is abolished, and the present remedy is by petition to the court (q). The Attorney-General in England or Ireland, or the Lord Advocate in Scotland, or any person authorized by any one of them, may be petitioners. Without such authority, however, any other person may be a petitioner who alleges—(1) fraud in the obtaining of the grant against his rights or those of any person through whom he claims, or (2) that he or any such person was the inventor, or (3) that he or any person through whom he claims an interest in any trade, business, or manufacture, had publicly manufactured, used, or sold within this realm, before the date of the patent, anything claimed by the patentee as his invention (r). Where a patent has been revoked on the ground of fraud, the comptroller may, on the application of the true inventor, grant him a new patent of the same date as that of the revocation, which shall cease on the expiration of the term granted by the revoked patent (s).

Revocation
now by peti-
tion only;
who may
petition.

(o) Lawson, 131 (note to sect. 33).

(p) The late Mr. J. J. Aston, Q.C., in his work on the new act (Introductory Chapter), considered that this acceptance of the complete specification at the Patent Office would be conclusive as to its sufficiency; and (p. 41) that the law officer may be said to settle the specification. The Messrs. Johnson (Pat. M. p. 112) have the same opinion. Mr. Seward Brice (p. 20) and Mr. Munro (p. 9) have a contrary view. Mr. T. Aston, Q.C. (p. 12) is inclined to think that the official examination would ensure the sufficiency as regards the description of the *modus operandi*.

(q) Sect. 26. The court is the High Court of Justice in England, subject to the provisions for Scotland, Ireland, and the Isle of Man. (See sects. 107—112.)

(r) Sect. 26, sub-sect. 4. See sub-sects. 5, 6, 7, as to delivery of particulars, evidence, &c.

(s) Sect. 26, sub-sect. 8. In *In re Avery's Patent*, W. N. 22 Jan. 1887,

Compulsory
licences.

Compulsory licences may, on the petition of any person interested, be ordered to be granted by the Board of Trade in respect of a patented invention, where, by reason of the default of the patentee in granting licences on reasonable terms, one or other of the following circumstances occur. These are—(1) that the patent is not being worked in the United Kingdom, (2) that the reasonable requirements of the public with respect to the invention cannot be supplied, or (3) that any person is prevented from working or using to the best advantage an invention of which he is possessed (*t*). The order may be for the grant of licences on such terms as to the amount of royalties, security for payment or otherwise, as the Board having regard to the nature of the invention, and the circumstances of the case, may deem just, and any such order may be enforced by mandamus (*t*). These provisions do not apply to patents granted before the commencement of the act, or on applications then pending (*u*).

Secretary for
War may
hold certain
inventions.

Inventions of any improvement in instruments or munitions of war may (either with or without consideration) be assigned to the Secretary for War, who, after such assignment, may before any application for the patent or publication of the specification certify to the comptroller his opinion that the particulars of the invention and manner in which it is to be performed shall be kept secret (*v*). After such certification, the specification and drawings (if any) and other documents relating to the invention are delivered to the comptroller in a sealed packet and kept so sealed by him for the term of the patent that might otherwise have been granted, subject to the orders of the Secretary of State or law officer (*w*).

Inventions
and specifica-
tions kept
secret.

New acts, how
far applicable
to patents and
proceedings
existing or
pending at
commence-
ment.

Patents existing at the commencement (1st January, 1884) of the act, or since granted on applications then pending, are governed by its provisions, including those relating to the amount and time of payment of fees, but excepting those relating to patents binding the Crown and to compulsory licences (*x*). Pending applications

p. 10, Stirling, J., held that an attorney under a power could not petition for revocation in his own name, and also that all persons interested in a patent must be parties.

(*t*) Sect. 22. See Patents Rules, 1883, 57—63, pp 341, 342, *post*.

(*u*) Sect. 45, sub-sect. 2.

(*v*) Sect. 44.

(*w*) *Ibid.*, and see same section for other provisions for the purpose of preventing publication of any such invention.

(*x*) Sect. 45; and see also sect. 113. As to the expiration of foreign patents making void the British patents, see *ante*, p. 17, n.

for disclaimer or extension are probably governed by the old law (*y*). Questions on these and other pending matters are no doubt, however, at this lapse of time, almost or entirely disposed of.

The registers under the old practice are to be deemed parts of the same book as the Register of Patents under the new act (*z*). The practice of registration, however, is considerably altered. Formerly (*a*), entry was made of documents themselves. Now, entries are to be made of the names and addresses of grantees of patents, and notifications [only] of assignments and of transmissions of patents, of licences under patents, and of amendments, extensions and revocations of patents, and such other matters affecting the validity or proprietorship of patents as may from time to time be prescribed (*b*). The register is *prima facie* evidence of any matter by the act directed or authorized to be inserted (*b*). No notice of any trust, expressed, implied or constructive, can be entered on the register or receivable by the comptroller (*c*). Further, the person for the time being registered as proprietor of any patent shall, subject to any rights appearing from the register to be vested in any other person, have power absolutely to assign, grant licences as to, or otherwise deal with the same, and to give effectual receipts for any consideration for such assignment, licence or dealing, but equities may be enforced as in respect of any other personal property (*d*).

Registration
under new
practice.

The documents, notifications of which, as affecting the proprietorship of patents, may be entered on the register, must be such as confer legal interest or rights. At least this seems the effect of sects. 85 and 87 (*e*); so that a mere beneficiary can hardly under the former section be the registered proprietor of a patent or licence who, as mentioned in the latter section, has power to assign or otherwise deal with it. Executory agreements,

What documents may be notified on the register.

(*y*) Sect. 113 seems to show this. The word "application" in sect. 45 means "application for a patent." The like word in sect. 113 has the more general meaning.

(*z*) Sect. 114.

(*a*) *Ante*, p. 8.

(*b*) Sect. 23.

(*c*) Sect. 85.

(*d*) Sect. 87.

(*e*) This is Mr. T. Aston's view. See p. 65 of his work. The same interpretation is put upon the above sections at the Patent Office.

therefore, as such cannot be registered. Licences, or agreements under seal having the effect of licences, can, perhaps, be registered, although they were executed before the patent was sealed, as the limited patent rights obtained before the sealing will form part of those granted by the patent itself, and the prescribed form of a patent (*f*) does not restrict the date at which the consent, licence or agreement may be given by the patentee.

As to agreements between co-applicants or co-patentees stating the terms on which they, working separately, shall respectively use the patent rights, it is presumed that they are fit subjects for registration, on the ground that they amount to licences between the parties (*g*). It is presumed that no instrument executed before the actual date of the sealing of a patent, and purporting to be an assignment thereof, or of some share or interest therein, will amount to an assignment of a legal estate or interest, so as to admit of registration. This seems to result from the circumstance that the purported assignment would be inconsistent with the terms of the patent, and that no legal grant can be made of property of which the grantor has neither an actual nor a potential ownership at the time of grant (*h*). It does not seem that any other documents executed before a patent is sealed can be registered, except the licences and agreements above mentioned, and the legal assurances of any such instruments (*i*).

Rectification
of the register
by expunge-
ment, &c.

By sect. 90 of the new act (*j*), provisions are made for the rectification of the register and the expungement or varying of any entry injurious to the rights of any persons as the court may think

(*f*) *Post*, p. 48, Form 1.

(*g*) It has been stated at the Patent Office that after the grant has been duly recorded documents executed before the sealing of the patent, and even during the period of provisional protection, which give any legal rights or estate in a patent, may be notified on the register. Mr. Lawson intimates (p. 30) that it was, and presumably would be, the practice not to register documents affecting provisional specifications *only*. This opinion does not, perhaps, apply to licences and agreements above mentioned, which are intended to extend beyond the period of provisional protection.

(*h*) See Millar's Bills of Sale, 3rd edition, 1871, pp. 36—38 (and also 4th edition, 1877), citing *Grantham v. Hawley* (1 Hobart, 132), and Bacon's 14th maxim and comments thereon, and the remarks of Tindal, J., in *Lunn v. Thornton*, 1 C. B. 379. An intended assignee of the above kind should become a co-applicant by amendment. See *ante*, p. 12, and *post*, p. 29.

(*i*) As to registration of assignments and mortgages respectively, see also pp. 132, 133, *post*.

(*j*) *Post*, p. 322.

fit. No case appears to be reported in connection with this section. As these provisions are practically of the same nature as those under the Act of 1852 (*k*) in the above respect, it may be well to take notice of some of the legal decisions under the old law relating to the latter provisions. In *Re Green's Patent* (*l*), a patentee in 1853 assigned the patent to persons who did not at first register the assignment. A new assignment of the patent was made in 1855 to the father of the patentee for valuable consideration, who thereupon registered his assignment before the first assignees registered theirs. On the application of the latter, the first entry was ordered to be expunged (*m*). In *Re Morey's Patent* the facts were nearly similar, except that the first assignment was only of a moiety of the patent, and it was held that a subsequent assignee from the patentee had constructive notice, on account of the recital in his deed of assignment, of the prior interest, although it was therein described merely as a licence. The entry of the second assignment was not ordered to be expunged, but the court directed that a statement should be entered on the register that the licence referred to was actually the assignment in question, and refused to direct a statement to be entered to the effect that the second assignee had had notice of the first assignment, as the notice was only constructive. Where a deed is good and *bonâ fide*, it would seem that no entry could be made on the register qualifying its effect, or giving it a construction (*n*). According to this rule, it was held that the entry of a deed of assignment of his half share by one co-patentee, who thereby also purported to release his assignee from all claims by himself and the other co-patentee, should, on the application of the latter, be expunged, as the deed could not be altered (*o*).

(*k*) Sect. 38.

(*l*) 24 Beav. 145.

(*m*) In the report of that case it does not appear that the second assignee had any notice, express or constructive, of the prior assignment; but, in *Re Morey's Patent*, 25 Beav. 583, the decision in *Re Green's Patent* was treated as having been based on the fact of fraud, to which the second assignee was privy.

(*n*) *Re Morey's Patent*, *supra*, as cited in Lawson, 186; and see *Re Horsley and Knighton's Patent*, L. R. 8 Eq. 475.

(*o*) *Re Horsley and Knighton's Patent*, *supra*.

CHAPTER ON AGREEMENTS.

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Principal matters in the precedents of agreements.

THE precedents of agreements given herein relate chiefly to the following matters:—

1. The advance of moneys by way of *loan* in order to defray the expenses of taking out a patent, and to provide capital for working it (a).
2. The advance of moneys by way of *purchase* of an interest in a patent in order to defray the expenses of taking out the same, which one of the parties is to work for the benefit of both (b).
3. An arrangement of the terms and conditions on which joint

(a) *Agreements I. and III., post*, pp. 59, 67.

(b) *Agreement II.*, p. 64, *post*. Where the parties are to work together a deed should be entered into. See a precedent of such a deed *IV.*, p. 99.

applicants for or grantees of a patent may each separately work it (c).

4. The sale of a patent or share therein (before or after grant) for cash payable at once or by instalments, or shares in a company (d).

5. The employment (by way of licence) of the vendor of a patent to manufacture or sell the patent articles for the purchaser (e).

6. The supply by the vendor to the purchaser of the raw material for manufacture of the patent articles or commodities (f).

7. The sale of a patent on the *hire system* (so to speak) that is, where an exclusive licence is granted until payment of the whole consideration (fixed sums or royalties) and then (if necessary) a formal assignment is to be executed (g).

8. An arrangement of the terms and conditions on which a licence is to be granted (h).

9. The formation of a syndicate to purchase a patent and re-sell it to a company or otherwise (i).

10. The appointment of an exclusive agent for a district to sell patent articles (j).

As the chapters on assignments and licences, *post*, and the footnotes to the various clauses in the precedents of these agreements deal with much of the subject-matter contained in the latter, the observations in this chapter are intended to be mostly of a general nature, and applicable not only to agreements so called, but also to other instruments dealing with patents.

In an agreement for the advance of moneys to an inventor in relation to the invention, it is usually provided, in case the other party has not already satisfied himself as to the probable worth or success of the invention that a full disclosure and trial of it shall be made before any money is advanced. Such a provision, though inserted as part of the agreement, is, of course, only introductory to the agreement proper, and, in the case of an intended loan

Disclosure and trial of the invention
Confidential communications of a secret invention.

(c) *Agreements IV. and VIII.*, pp. 70, 82.

(d) *Agreements IV., V., VI., and VII.*, pp. 70—79.

(e) *Agreement IV.*, p. 70.

(f) *Agreement IX.*, p. 84.

(g) *Agreements XI. and XII.*, pp. 89, 93.

(h) *Agreements IX. and X.*, pp. 84, 87.

(i) *Agreement XIII.*, p. 96.

(j) *Agreement XV.*, p. 104.

merely, would not be binding (*k*). This provision is generally supplemented by another to the effect that the person to whom the invention is thus to be disclosed, shall not, except for the purposes of the agreement, make use of the invention, and also (in case the complete specification has not been accepted) (*l*) communicate the secret of it to any one, without the written consent of the inventor. This reference to communication is not, however, strictly essential, although its insertion will form evidence of the intention of the parties. The true ground on which the inventor would be entitled to restrain the other party from unnecessarily divulging the secret of the invention, is that the communication of it was made to the other party strictly in confidence. The law on the subject of the ownership and communication of an unpatented invention may be shortly stated as follows. An inventor has no right, independent of a grant made to him by the authority of a positive law, to prevent other persons from using an article or making any particular application of the laws of nature, merely because he was the first person to discover the article or application; therefore the law does not recognize any right or property whatsoever in an invention which is not made the subject of a grant by patent (*m*).

Thus, in *Newbery v. James* (*n*), the court refused to decree specific performance of a contract to sell a secret invention which had been the subject of a patent long since expired, or to grant an injunction to restrain its disclosure. Where, however, under an agreement by the defendant with the inventor not to avail himself of communications made to him respecting the invention which was to be made the subject of experiments by the two parties with the view of obtaining a patent for the invention, the defendant fraudulently obtained the patent in his own name, the inventor was held entitled to damages for the breach (*o*). An exception to the rule against the existence of a right of proprietorship in a mere secret invention, not (as a matter of course at least) intended to be patented, occurs in any case where the disclosure of the secret would involve a

(*k*) That is from want of consideration, unless the agreement were under seal. See *post*, pp. 40, 41, as to simple contracts and contracts under seal.

(*l*) See sect. 10 of the new act, *post*, p. 310, as to publication by the office after the acceptance; also *ante*, p. 14.

(*m*) Hindmarch, 228.

(*n*) 1 Carp. P. C. 368.

(*o*) *Smith v. Dickenson*, 3 Bos. & Pull. 630.

breach of faith or trust. Thus, in *Morison v. Moat* (*p*), a party who has a secret in trade, and employs persons under contract or duty, express or implied, can restrain them from setting up their knowledge against the employer. The employers may have no title against the world in general, and yet a good title against the defendant (*q*).

The next provision to be noticed, in any case where the patent has not been obtained, is that for obtaining it in the joint names of the parties. It is an undoubted advantage to a purchaser or a lender, pending the application for the patent, to be made an applicant and afterwards a grantee jointly with the inventor, as thereby he is, to a great extent, protected from dealings with the patent behind his back (*r*). As before mentioned (*s*) the application can be amended; by adding the names of other persons as co-applicants. In the case of an agreement for a *loan* the lender, on the first advance being made, would properly claim to be made a co-applicant at once (*t*). In the case of a *purchase*, however, a vendor (the inventor) can hardly be advised to make the purchaser a co-applicant, so long as any considerable part of the purchase-money remains unpaid, especially as it might take time, trouble and expense to oust him from the position, in case he should fail in his engagement. As the acceptance of the complete specification is the crucial point in the proceedings, after which the patent can, unless there is opposition (*u*), be easily obtained, it seems advisable that provision should be made for the payment of a considerable portion of the purchase-money shortly after the fact of acceptance is notified to the purchaser, and that, on such payment, the purchaser should be made a co-applicant.

Amendment of application by making lender or purchaser a co-applicant.

The amount of interest on money lent to an inventor who gives no security, except the patent itself, is generally made to depend, to some extent at least, on the amount of the net profits derivable

Interest on a loan according to net profits of a patent.

(*p*) 20 L. J. Ch. 513; affirmed on appeal in 21 L. J. Ch. 248.

(*q*) Per Turner, V.-C., in same case. See also *Morgan v. Seaward*, 2 Mees. & Wels. 544; *Patterson v. Gas Light & Co.*, L. R. 3 App. Cas. 239.

(*r*) As to the powers of each co-owner of a patent working separately, see Chapter on "Assignments," *post*, pp. 118, 119. As to licences *before* grant, see p. 24.

(*s*) *Ante*, p. 12.

(*t*) As to the specific performance of contracts for lending and borrowing money, see *post*, pp. 43, 44.

(*u*) See sect. 11 of the new act. By that section, notice of opposition must be given within two months of the date of the advertisement of the acceptance.

from working the patent. It may not, perhaps, be desirable to give the mortgagee a fixed share of the net profits as interest, as the latter may, when portions of the loan have been repaid, be of excessive amount compared with that of the principal moneys remaining unpaid. It therefore seems best to provide for the payment of a fixed percentage of interest, and a further interest (also at a percentage) which shall not exceed a fixed share of the profits for the time being (v). The mortgagee, by receiving interest dependent on the amount of net profits, is not rendered liable as a partner with the inventor in the business of working the patent, although he may be held so liable on the construction of the agreement as a whole (w).

Effect of
bankruptcy
of inventor.

On the bankruptcy of a mortgagor, the rights of the mortgagee as to his security are in no way affected by sect. 5 of the Partnership Law Amendment Act, which forbids competition by a creditor, the interest on whose debt has been made payable out of or by reference to the net profits of the business, with the general creditors (x).

If, therefore, the interest provided to be paid be of the double nature above mentioned the mortgagee can, on the bankruptcy of the inventor, recover as far as may be out of the mortgaged patent his principal and the first above-mentioned fixed interest, and also, it is presumed, the arrears (if any) up to the commencement of bankruptcy of both kinds of interest. By sect. 5 of the Partnership Law Amendment Act (y), as read with the decision in *Ex parte Shiel* (see above), the mortgagee cannot compete with the other creditors, as to the assets not comprised in his security, in respect of any principal or interest. It seems hopeless to contend, however, that under the above-mentioned arrangement as to the payment of two kinds of interest, the total interest is not one varying with the profits.

(v) See *Agreement I.*, Clause 7, *post*, p. 61.

(w) See Partnership Law Amendment Act, 28 & 29 Vict. c. 86 (1865), Appendix, *post*, p. 368; and on the general question of liability as a partner by a person sharing the net profits of a business, see Lindley on Partnership (4th ed. pp. 33—54); *Mollwo, March & Co. v. Court of Wards*, L. R. 4 P. C. 419; the observations of Jessel, M.R., in *Pooley v. Driver*, L. R. 4 Ch. D. 458; and *Ex parte Tennant, In re Howard*, L. R. 6 Ch. D. 303; *In re Stone*, L. R. 33 Ch. D. 541 (Kay, J.); and *Badeley v. Consolidated Bank* (1886), L. R. 34 Ch. D. 536 (Stirling, J.). See also *Ex parte Macmillan, In re Whittaker*, 24 L. T. N. S. 143; *Elsie v. Webster*, 5 Mees. & Wels. 518.

(x) *Ex parte Shiel, In re Lonergan*, L. R. 4 Ch. D. 789. See sect. 5 of the Partnership Law Amendment Act, *post*, p. 368.

(y) 28 & 29 Vict. c. 86, Appendix, *post*, p. 368.

In view of the construction which the court might, adversely to a lender, put upon an agreement so as to hold him liable as a partner, it seems safer, in his interest at least, not to give him as interest a share of the net profits in specie, but some percentage on the principal moneys dependent on the amount of net profits, as above mentioned (s).

Interest equal to share in net profits, and not in specie.

Cases of loans to persons in business, who are only to repay the moneys out of the net profits of the business without otherwise incurring any personal liability, are probably of little occurrence. Where the sums advanced are also charged on the assets of the business, the limitation of the responsibility of the borrowers is somewhat similar to that of a limited joint stock company (not its members) with regard to its creditors. In framing an agreement for a loan of this kind, the risk of the lender being declared a partner must, of course, in his interest be provided against. The inability of the lender to obtain payment except out of his security, that is, the patent and the net profits (its fruits) will not, it is clear, of itself make the transaction other than a loan, so as to prevent the application of sect. 1 of the Partnership Law Amendment Act, 1865 (a). The lender should, therefore, see that no provisions in the agreement will be likely to put him in the position of a person carrying on business by the borrowers as his agents (b). Accordingly, no provision should be inserted binding the borrowers to carry on the business at all, or (except for the purposes of inspection of the books, and obtaining and verifying the accounts) enabling the lender to have any voice in the conduct of the business. In the further interest of the lender, the advance of the money beyond perhaps an immediate sum (a small one) might be made by instalments conditionally as to each instalment on the results to him in respect of the previous advances having been satisfactory. A precedent of the above kind of an agreement for a loan to a firm, joint patentees of an invention, is inserted

Loan to patentees, only repayable out of net profits, and not personally.

(s) See on this the cases of *Mollwo, March & Co. v. Court of Wards*, and *Ex parte Tennant, In re Howard*, *supra*.

(a) This act is set out in the Appendix, *post*, p. 368.

(b) See *Cox v. Hickman*, 8 Ho. L. Cas. 268, where scheduled creditors to a deed of arrangement, who were to be paid their debts out of the profits of the debtor's business, were held not liable to debts contracted by the trustees in carrying on the business pursuant to the deed. See also *Mollwo, March & Co. v. Court of Wards*, *supra*; and Lindley, Book I., Chap. I., Sect. II., "Quasi-Partnership."

herein (c). It is there virtually provided that principal and interest shall, until the charge on the patent becomes enforceable, be payable out of one *third share* of the net profits half-yearly. The object of pledging a share only, is, of course, to prevent the stoppage of the business, which otherwise might occur. The mode of ascertaining the net profits should, if possible, be arranged prior to such an agreement being entered into, and the precedent contains a recital to the effect that the custom of the firm in this respect shall be adhered to (d). The payment of interest on all past advances is, of course, first to be made, and then the balance of the share is to go in reduction of the principal sum then remaining unpaid. The condition for the advance of an instalment at the end of any half-year is, that in the settlement of the accounts for that period, it shall be shown that the amount of the one-third share will admit of the lender receiving in reduction of interest and principal a sum equal to, or exceeding a certain per-centage on the latter (e). The instalments are for convenience provided to be equal in amount. The charge on the patent is supplemented by a declaration of trust of the patent in support of the charge. A legal mortgage could, of course, be executed and registered, but such an act would tend to expose to the public the financial state of the firm (f). The charge is made enforceable only on default of the firm in its obligations under the agreement, or, in case for any half-year the share of net profits, will not admit of the lender receiving his full interest at least on the principal sum then remaining unpaid. On the authority of *Werdermann v. Société Générale d'Electricité* (g), it seems that the assigns of the patent,

(c) *Agreement III.*, *post*, p. 67.

(d) See note (b) to *Agreement III.*, *post*, p. 68, for some observations on the mode of ascertaining net profits of a business.

(e) *E.g.*, let the interest on the advances be 10 per cent. per annum, and the principal sum remaining unpaid at the end of any half-year (but before the settlement of accounts for that period) be 200*l.* If the minimum per-centage above mentioned be 30, and is then reached or exceeded, the lender will be entitled to receive 60*l.* at least, *i. e.*, 10*l.* half-yearly interest, and the balance in reduction of principal. In respect of the new advance, the lender will be credited with 50*l.* at least.

(f) See note (f) to *Agreement III.*, *post*, p. 69, as to this, and also as to the agreement being executed as a deed, and the effect of the declaration of trust.

(g) L. R. 19 Ch. D. 246 (Jessel, M.R., and Lush and Lindley, L.JJ.). See reference to this case in the Chapters on "Assignments" and "Licences," and generally as to the question of covenants being binding on assigns, *post*, pp. 120, 185.

taking with notice of the agreement, would be bound thereby as to the charge and the payment out of the net profits. To ensure such notice, it is provided that both the partnership deed and the letters patent shall be endorsed with a reference to the agreement.

The right to a share of net profits confers a right to an account (h). The same is the case, no doubt, where the right is not to a share of net profits in specie, but to some sum or per-centage equal in amount to or regulated by the amount of a share in the net profits. An express right to an account is invariably given in the precedents in this work. Where a patentee has assigned a share of profits, the assignee is entitled to call on a licensee of the patentee for an account, but the assignee must make the assignor and the assignees (if any) of other shares of profits parties to the account, and offer to pay to the licensee any moneys due to him from the assignor (i). In *Werdermann v. Société Générale d' Electricité* (k) a covenant by an assignee of a patent that he and his assigns would pay the assignor a per-centage on the net profits, was held to be binding on the assigns who took with notice of the covenant, and they were ordered to furnish accounts accordingly.

The term "improvement" or "addition" used in respect of an invention plainly suggests the dependence of the improvement or addition on the invention itself. An entirely new process, independent of the invention, might, however, be discovered as applicable to the production of articles or commodities similar to those produced by or with the application of the invention. To such process the term "improvement" or "addition" would hardly then be applicable. An agreement, therefore, to include present (if any) or future improvements or additions to an invention in the contract for sale of the invention should, in the purchaser's interest, be made also to include any such process, if the purchaser is to preclude the vendor from afterwards setting up a rival invention. The importance of including the benefit of the discovery of such an independent process in a contract for sale of an invention, and the patent in respect of it, is noticed in *The Printing*

Accounts.

Improvements or additions to an invention or discovery of other process.

(h) *Harrington v. Churchward*, 6 Jur. N. S. 576; *Rishton v. Grissell*, L. R. 5 Eq. 326; *Turney v. Bayley*, 4 De G. J. & Sm. 332; all cited in Lindley, 4th ed. p. 946.

(i) *Bergmann v. Macmillan*, L. R. 17 Ch. D. 427.

(k) *Supra*. See, as to covenants (including as to furnishing accounts) how far binding on assigns, Chapter on "Assignments," *post*, p. 120, and Chapter on "Licences," *post*, p. 185.

and *Numerical Registering Company v. Sampson* (1), where Jessel, M.R., intimates that, in the absence of a provision to that effect, the inventor (or vendor) might produce something which, without being *technically* an infringement, or *technically* an improvement, would practically destroy the value of the patent purchased. The inducement, however, to the inventor (or vendor) to make any new discovery might be much diminished if he is to part with the entire benefit of it, without at the *same time* becoming entitled to some remuneration for his trouble (m). The best method seems to be to provide that the purchaser shall have the option of purchasing the exclusive benefit of the new invention at a fixed price, which would, no doubt, from the uncertainty involved, be a small one, and should be made payable if and when the purchaser exercised his option in writing within a reasonable time after the communication of the discovery shall have been made to him.

The practice, however, has been to include new discoveries in relation to the patent articles, without providing for any special remuneration on the benefit of them becoming vested in the purchaser of the original invention. Sometimes the mere *personal* right to the vendor to use any such new discovery made by him is reserved in the contract. This would be done especially in a case where the vendor is at liberty personally to use the original invention, or generally to make the patent articles by any process whatever. An agreement by which the vendor and purchaser of the entirety of a patent will be put on equal terms as to the use of any discovery made by the former is hardly to be recommended on account of the unsatisfactory position, *inter se*, of joint owners of a patent who are separately to work it (n). If the new invention should be patented, a partition of it as to districts might be made, or a licence to use it be granted by the inventor to the other party. The case of new discoveries by either a licensor or a licensee being made to enure also for the benefit of the other of them, is considered in the chapter on "Licences" (o). The above remarks

(1) L. R. 19 Eq. 464.

(m) In *The Printing and Numerical Registering Co. v. Sampson*, *supra*, Jessel, M. R., refused to assume as an absolute truth that a man will not invent without pecuniary reward, or that, having obtained money for the future products of his brain, he will not be ready to produce those products; and mentions artists and sculptors by way of illustration.

(n) See Chapter on "Assignments," *post*, pp. 118—122, as to powers of co-owners separately working; and also *Precedents III.—VI.* of Assignments, *post*, pp. 142—156.

(o) *Post*, p. 218.

will equally apply to new discoveries *acquired*, but not made, by the vendor. Where a new discovery is to be included in the purchase of the original invention, the benefit of it can, of course, be made effectively to pass only so far (if at all) as the terms of the acquisition will permit (*p*). In the case of a joint discovery by the vendor and a third party, which is intended to be patented, the joint inventors would probably be bound, by force of the agreement above mentioned, if they effectually apply at all, to join the purchaser, if so willing, in the application for the patent, or otherwise the grant to the joint inventors would be made upon the terms of being vested in trustees for all parties (*q*). In the case of an agreement relating to a patent, otherwise than for the sale of the entirety of it, the above remarks as to special remuneration for any new discovery have apparently much less application, because, in general, each party would be entitled to some benefit from the original invention, and the question as to the want of inducement to make any new discovery would be of far less account. Hence, on an assignment of a share of a patent, or of the entirety of the patent for a district, or on the grant of a licence, or generally, where both parties remain interested to some extent in the original invention and patent, a mutual covenant should be inserted in the instrument providing for the use by both parties of new discoveries made, and perhaps acquired, by either of them, whether patented or not.

A patent for an addition or improvement to an old manufacture may be granted (*r*), but the patentee cannot make use of the *substratum*, or original invention, patented by another person, on which the addition or improvement was based or dependent (*s*), except by license from him (*t*); but he may wait for the expiration of the existing patent, and then take out one himself, if his invention be novel, and that patent will be valid (*u*). Where

For what improvements patents can be obtained.

(*p*) See *ante*, p. 27, as to confidential communications of a secret invention.

(*q*) See *Re Russell*, 2 De Gex & Jo. 130; and *Ex parte Scott and Young*, L. R. 6 Ch. 274 (*ante*, p. 12), as to conflicting claims of master and servant. The mode, generally, of satisfying the claims of another person than the applicant's, would probably be similar to that provided in one or other of these cases.

(*r*) *Boulton v. Bull*, 2 H. Bl. 489; and *Hornblower v. Boulton*, 8 T. R. 104, overruling *Bircot's Case*, 3 Inst. 184.

(*s*) *Ex parte Fox*, 1 Webs. 431.

(*t*) *Lister v. Leather*, 8 Ell. & Bl. 1017.

(*u*) Per Malins, V.-C., in *Fox v. Dellestable*, 15 W. R. 195.

application for a patent for an improvement or addition is made, it must be stated in the specification as being of such a nature, and not as an original (*i.e.*, an independent) invention, and consequently the old process or manufacture on which the improvement or addition is to be grafted must be set out (*x*). The discovery of a more skilful and efficient mode of working a process already known and in use, is not the proper subject of a patent (*y*).

Colonial and
foreign
patents.

With regard to agreements relating to the purchase of colonial or foreign patents, but subject to the provisions of the International Convention as mentioned later, the following circumstances, some of which, at least, apply to most of the colonies or foreign countries, should be noticed:—(1) The inventor himself only can apply for a patent. (2) The patent will become void if the invention is not put in practice within a limited time of the date of grant, or not continuously used. (3) The patent will become void on the non-payment of the annual or other duties. (4) The patented articles are to be made in the country itself, and not imported, and (in the case of Austria) the inventor must begin to work his invention with inland materials. (5) Publication in the United Kingdom, or elsewhere out of the country, is a bar to obtaining the patent (*z*). (6) A foreign or colonial patent expires (at least) when the British patent expires. It should be seen also (as in the case of Denmark) that the patent is assignable, as, if it is not, an application for a new one would have to be made (*a*).

International
union.

An International Convention for the protection of industrial property was, on the 20th day of March, 1883, entered into between the governments of Belgium, Brazil, Spain, France, Guatemala, Italy, Holland, Portugal, Salvador, Servia, and Switzerland (*b*). Great Britain was not a party to this conven-

(*x*) See *Hill v. Thompson*, 2 B. Moo. 451; and *Gibson v. Brand*, 4 Man. & Gr. 179.

(*y*) *Patterson v. The Gas Light and Coke Co.*, L. R. 3 App. Cas. 239, affirming Court of Appeal in L. R. 2 Ch. D. 812. On the above subject, see Agnew, pp. 50, 67, 100 *et seq.*, and 276, where the cases are set out at some length.

(*z*) In that case the application should be made as nearly as possible simultaneously with the application *here*, and certainly before the acceptance of the complete specification *here*.

(*a*) See as to the laws relating to foreign patents, Johns. P. M. (Appendix), and Carpmael's Patent Laws of the World. As to international and colonial arrangements, see sect. 103 of the new act, *post*, p. 325; also sect. 104.

(*b*) See Appendix, *post*, pp. 365—367, where the Articles and Protocol are set out. To the above countries must now be added Great Britain, Norway, Sweden, San Domingo, and Tunis, who have since joined. Salvador has since

tion, but, under Article 16 thereof, agreed, by an Order in Council, dated the 17th day of March, 1884, to adhere to it, with the reservation for her Majesty to accede to the convention on behalf of the Isle of Man, the Channel Islands, and any other of her possessions, on due notice being given to the other governments for the time being adhering to the convention (c). The principal provisions seem to be those which are in effect: (1) that the subjects or citizens of one state are in any other state of the Union to be placed on the same footing as to patents as the subjects or citizens of the latter state; (2) that the registration of an application for a patent in one state will, for the period of six months, give a right of priority as to registration in any other state; (3) that the introduction of the patent articles manufactured in one state into the state where the patent has been granted will not entail forfeiture of the patent, but the patentee must work his patent in accordance with the laws of the country into which he introduces the articles; and (4) that states which have not taken part in the present convention shall be permitted to adhere to it at their request.

If a patent is to be sold, but the purchase-money, or a portion of it, is not to be paid at once, the arrangement is sometimes carried out by means of an absolute assignment in which the whole purchase-money is acknowledged to be received, followed immediately by a mortgage executed by the purchaser to the vendor to secure the repayment of the moneys and interest (d). In order, however, for the vendor to avoid the troublesome position of a mortgagee, another plan can be followed, namely, the execution of an agreement for the sale of the patent on what may be termed "the hire system." An exclusive licence is granted by the agreement to the purchaser until the time fixed for payment of the final balance of the purchase-money and the completion of the purchase, with provisions for the determination of the agreement by either party in certain events, such as the failure of the patent, or default in payment of any instalment. A provision is often inserted, similar to that in an agreement for the sale of a piano or furniture on the hire system, to the effect that on default in payment of any one

Sale of patent
on the hire
system.

withdrawn. Ecuador joined and afterwards withdrew. See Article XVI., *post*, p. 366. Queensland has been added by Order of the Queen in Council (see above) as from the 17th day of September, 1885.

(c) Under this article Queensland was made a party. See last note.

(d) This is, no doubt, the common conveyancing practice as to land.

instalment the remaining ones shall at once become due. This provision, though somewhat modified, appears in the precedent of a licence given herein, which is intended to provide for a sale on the hire system (*e*). In the kind of agreement now under consideration, no such provision occurs, as, owing to the indefinite value of a patent at all times, a purchaser might be found to object to its insertion.

Further, it may be found prudent to make the terms of purchase less onerous, in order to attract a purchaser. It is, therefore, provided (*f*) that the only penalties for default on the part of the purchaser, except as to the last instalment, shall be the obligation also to pay interest, and liberty for the vendor to rescind. On default in payment of the *last* instalment, the vendor is virtually to have the choice between specific performance and the rescission of the contract (*g*). Again, as from the amount of each instalment, the purchaser is to be supposed liable to pay at the commencement of each year somewhat (at least) in excess of the sum fairly chargeable for the use of the invention for that year (regard being had to the duration of the patent), he is permitted to determine the agreement any time before the commencement of the last year. An exception is made of the last year, in order that the vendor may have time, before he makes up his mind (if at all) to have the purchase completed, to seek for another purchaser. On payment of the final balance of the purchase-money an assignment is to be executed. By construction of law, however, the patent would then vest, it seems, in the purchaser without any assignment, although such an assurance is of importance to the purchaser and should be required (*h*).

The event of the patent becoming void, either by revocation or omission of the vendor to pay the fees or otherwise before the purchase is completed, is provided for by this form of agreement. In case no appeal shall be made against a judgment in revocation of the patent, all instalments not already due at the date of the judgment are to cease to be payable. Pending the appeal (if any)

(*e*) *Licence VII.*, *post*, p. 266, where the sale is to be for a district only.

(*f*) *Agreement XI.*, *post*, p. 89, where the sale is to be for the whole kingdom.

(*g*) Independently of this provision, he could claim specific performance, or, in default, rescission. See Fry on Specific Performance, p. 458 (3rd ed. 1881). The last instalment mentioned above is intended to be the largest.

(*h*) See *post*, p. 91, note (*j*), to *Agreement XI*.

and subject to the right of either party to determine the agreement as therein provided, the payment of every instalment not previously due is suspended, which payment is to revive on the appeal becoming successful. It is provided also that the final cesser of payments, as above mentioned, shall be in lieu of damages (if any) payable to the purchaser by reason of the patent becoming void. The right to these damages, however, will depend upon the nature of any covenant by the vendor as to the validity of the patent, or his liability to pay the fees or to defend the patent. In the precedent now under consideration, the liability of the vendor in respect of the validity of the patent is to be as to his own acts or defaults, which must necessarily be such as relate to the payment of the past fees, or performance or observance of the other conditions of the patent, and not to the novelty or utility of the invention (*i*). In the same precedent the vendor covenants to pay the future fees up to the completion of the purchase, or permit the purchaser to do so, and deduct the sums paid from the purchase-money, and also to defend the patent in proceedings for revocation (*j*).

A sale on the hire system might also be effected by the agreement imposing royalties for the use of the invention, which, when amounting in the aggregate to a certain sum, shall, after payment thereof, entitle the purchaser to an assignment of the patent. The form of such an agreement is given in the precedents (*k*). The difference in the forms of the two kinds of agreements mentioned in this paragraph is mainly that due to the difference in the considerations for the purchases. The same observations will, therefore, mainly apply to both parties. The power of the vendor to rescind as contained in the later form is, however, more stringent than that in the earlier one. As the licensee may be lax in working the patent, and thus pay few or no royalties, the vendor is given a right to rescind on default not only in payment of royalties due or breach of other conditions after notice to repair the same, or on bankruptcy, but also in the event of his not in any half-year manufacturing patent articles to a certain quantity.

It is now proposed to note some of the principal points in the Some points
in general law

(*i*) See *post*, p. 114.

(*j*) See Chapter on "Licences," *post*, pp. 196, 199, as to covenants in an exclusive licence where premiums are to be paid with or without royalties.

(*k*) *Agreement XII.*, *post*, p. 93.

of contracts
now to be
noticed.

Requisites of
a simple
contract.

general law relating to agreements or, as they are often called, contracts (*l*).

A good and valid consideration is a requisite for a simple contract, and, it appears, must be disclosed in the document itself, if the contract is in writing (*m*), as nothing not found in the document can be considered as part thereof (*n*). Parol evidence, however, is admissible to explain latent but not patent ambiguities in a document (*o*). Sect. 4 of the Statute of Frauds requires agreements that are not to be performed within the space of one year from the making thereof to be in writing. Such an agreement must be one which, from its terms, appears incapable of performance within the year; but the possibility of such performance will take it out of the operation of the section (*p*). If, however, it appears from the terms that one party can perform his part, the statute does not operate (*q*). Where a verbal agreement in the nature of a licence had been acted on for some years by both parties and royalties had been paid thereunder, it was held a valid and continuing licence (*r*).

Agreement by
deed.

An agreement by deed has a superior efficacy, as between the parties thereto, over a simple contract, both on account of the almost absolute completeness of the consideration which, in general, is to be implied therein (*s*), and also of the doctrine of estoppel next noticed (*t*).

Estoppel.

Estoppel arises where a man is concluded by his own act or acceptance to speak the truth (*u*). Estoppel by writing does not

(*l*) For the general law, see Chitty on Contracts, Addison on Contracts, Pollock's Principles of Contracts, &c.

(*m*) *Eden v. Blake*, 13 Mee. & Wel. 614; and *Lockett v. Nicklin*, 2 Exch. 93, cited in Chitty, 11th ed. p. 65.

(*n*) *Kain v. Old*, 2 Barn. & Cress. 627; Chitty, 107.

(*o*) Chitty, 101, 102.

(*p*) Williams on Personal Property (Chapter on "Contracts"); Pollock's Principles of Contracts, 4th ed. p. 160.

(*q*) *Donellan v. Reid*, 3 Barn. & Adolph. 899; *Cherry v. Heming*, 4 Ex. Rep. 631. See notes to *Peter v. Compton*, 1 Sm. L. Cas. 335 (7th ed.).

(*r*) *Crossley v. Dixon*, 10 H. L. Cas. 293. As to verbal and other licences not under seal, see Chapter on "Licences," *post*, pp. 184, 187—189.

(*s*) The exceptions will be mostly in case of fraud or as to voluntary settlements, &c. under 13 Eliz. c. 5, or the bankruptcy laws.

(*t*) The precedents of agreements given herein are to be treated as being of simple contracts, unless the contrary is stated in any footnote thereto respectively.

(*u*) Co. Litt. 352 a; Com. Dig. Estoppel A.

arise in the case of a simple contract (*x*). Strong presumption, but not conclusive evidence, may, however, arise against a party to the simple contract by reason of the recitals or statements therein, but he is at liberty to prove mistakes in, or the falsity of, them, unless another person has been induced thereby to alter his condition. In the latter event he would be estopped with respect to that person and that transaction (*y*). A deed operates as a conclusive bar, and prevents all inquiry into the truth (*z*). A recital in a deed of a particular fact which all the parties have agreed to admit as true is an estoppel to all (*a*); but when it is intended to be the statement of one party only, the estoppel is confined to that party (*b*). In *Hills v. Laming* (*c*), there was an agreement under seal in compromise of the disputes between two patentees of similar or rival inventions, in which, after providing for the exclusive use by either party of some limited part of the other's invention, subject to the payment of royalties, it was stated that it was assumed, for the purposes of the agreement, that each party was exclusively entitled to the portion of the invention over which he purported to grant the exclusive use to the other party; and it was provided that, on breach of the agreement by either party, a certain sum should be paid to the other by way of liquidated damages. In an action to recover that sum, the defendant pleaded that the plaintiff's patent was not valid. It was held that the plea was bad, as the defendant was estopped by the agreement from disputing the validity of the patent (*d*).

Certain general rules guide the court in decreeing specific performance of

(*x*) There must be a deed: *Shep. Touch.* 320, 321. See *Grant v. Norway*, 10 C. B. 665; *Bates v. Todd*, 1 Moo. & Rob. 106; also cases cited in *Everest & Stode's Law of Estoppel*, p. 193. There are exceptions to this rule by certain statutes, which do not apply to the subject of this work: see 18 & 19 Vict. c. 111, s. 2, as to the signature of a bill of lading by the shipowner.

(*y*) Per Bayley, J., in *Heane v. Rogers*, 9 B. & C. 577, 584, cited in *Chitty on Contracts*, p. 7; and see the other cases there cited. As to equitable estoppel, see *Pollock*, 479.

(*z*) *Carpenter v. Buller*, 8 M. & W. 209; *Carter v. Carter*, 27 L. J. Ch. 74.

(*a*) *Stroughill v. Buck*, 14 Q. B. 787, and other cases cited in *Chitty on Contracts*, p. 6.

(*b*) *Stroughill v. Buck*, *supra*.

(*c*) 9 Exch. 256; 23 L. J. Ex. 60.

(*d*) As to estoppel by recitals in a deed, see also the Chapters on "Assignments" and "Licences," *post*, pp. 111, 112, 184, 191, 192.

contracts
generally.

performance of contracts generally. First, an action for damages only must appear an inadequate remedy (*e*). Secondly, there must be mutuality of remedy (*f*), *e.g.* an infant cannot obtain a decree (*g*). Thirdly, the contract must be certain in its terms (*h*). Fourthly, the contract must not be in its nature revocable, as the interference of the court might after decree be rendered useless, *e.g.* in the case of an agreement to enter into a partnership, the duration of which is not specified, and which would consequently be a partnership at will merely (*i*). Fifthly, there must be a consideration for the contract (*k*). Contracts relating to personal property will, in general, be enforced when the subject matter is very rare, or of unusual beauty or character (*l*). Specific performance under some or other of the above conditions will consequently be decreed of agreements relating to inventions and letters patent (*m*).

Specific per-
formance of
contracts for
sale of
patents.

An agreement for the sale of a patent may, at the instance of either the vendor or purchaser, be decreed to be specifically performed. This is the case even if the patent was not, at the date of the contract, actually taken out by the vendor, provided, at least, he was then entitled to make an application for the same (*n*). And even before the patent was granted, it was held that the court would enforce specific performance to the extent of decreeing

(*e*) *Harnett v. Yeilding*, 2 Sch. & Lef. 553; Fry, 22.

(*f*) *Story*, 723; *Adderley v. Dixon*, 1 Sim. & Stu. 607; Fry, 201; *Williams v. Williams*, L. R. 2 Ch. 294, 304.

(*g*) *Flight v. Bolland*, 4 Russ. 301. For cases on other points, see *Wright v. Bell*, 5 Price, 325; *Kenney v. Wexham*, 6 Madd. 355; *Cogent v. Gibson*, 33 Beav. 557 (*infra*).

(*h*) *Moseley v. Virgin*, 3 Ves. 184; *Story*, 728; Fry, 37.

(*i*) *Hercy v. Birch*, 9 Ves. 357; *Sturge v. Midland Railway Co.*, 6 W. R. 233.

(*k*) *Jefferys v. Jefferys*, Cr. & Ph. 141, which was the case of a father, by voluntary settlement, covenanting to surrender copyholds to trustees for his daughters. See also *Hervey v. Audland*, 14 Sim. 531; and Fry, 42.

(*l*) *E.g.*, railway shares of a limited number, *Duncuft v. Albrecht*, 12 Sim. 199; timber, by reason of its vicinity, of peculiar convenience to the plaintiff, a ship carpenter, *Adderley v. Dixon*, *supra*; *Buxton v. Lester*, 3 Atk. 385; pictures, *Dowling v. Betjemann*, 2 John. & Hem. 544; and heirlooms, &c., *Somerset v. Cookson*, 1 Wh. & Tu. L. Cas.; *Pusey v. Pusey*, 1 Vern. 273. As to inventions and patents, see the text above in continuation.

(*m*) See Snell on Equity, and Fry on Specific Performance, generally.

(*n*) *Cogent v. Gibson*, *supra*. In that case the agreement was to sell a British patent, which the vendor, the owner of a French patent for the same invention, had thereby agreed to take out at the expense of the purchaser. The patent was taken out, and the vendor was decreed specific performance.

that the vendor, the defendant, should sign and seal a complete specification, tendered him by the purchasers, and, according to the agreement, completed by them at their own expense (o). An agreement by a vendor to assign all future patents obtained by him for improvements on the patented invention thereby agreed to be sold, will, apparently, be decreed to be specifically performed, and such an agreement is not against public policy (p).

An agreement to lend money to enable an inventor to take out a patent cannot be specifically enforced. In *Rogers v. Challis* (q) the court refused specific performance of a written agreement to borrow, which definitely fixed the terms of the loan, and the security to be given, but had remained unperformed by the intended lender, the plaintiff. Again, on the principle (in particular) that there was no mutuality of remedy, the court refused specific performance of a written agreement to lend money for a defined period at interest (r). The court, however, will decree specific performance of an agreement to execute a mortgage in consideration of money actually due or advanced (s). Where some money has already been advanced, or other part performance occurred in an agreement to lend money to an inventor to enable him to take out the patent, which money is to be secured on the patent itself, together with interest dependent to some extent on the net profits, specific performance of the agreement to borrow or lend might, it is submitted, be decreed. The mortgage for the money advanced would, as above stated, be decreed to be executed. The borrower has, moreover, as to the payment of interest out of or by reference

Specific performance of agreements for lending and borrowing money.

(o) *Lewin v. Brown* (1866), 14 W. R. 640.

(p) *Printing and Numerical Registering Company v. Sampson*, L. R. 19 Eq. 462; *Leather Cloth Company v. Lonsont*, L. R. 9 Eq. 345.

(q) 29 L. J. Ch. 240. Lord Romilly there said that the Statute of Frauds did not apply to an agreement to borrow, and, therefore, if specific performance could be decreed in the case of a written agreement, it would be decreed in the case of a mere conversation, and, in the latter case, the task of the court would be too difficult and dangerous.

(r) *Sichel v. Mosenthal*, 31 L. J. Ch. 386. The agreement was one for entering into a partnership with an existing firm at a future fixed date, or, in default of the defendant so doing, for him to make the loan to the firm for two years at interest. The agreement had remained unperformed by the intended borrowers, the firm, who were plaintiffs. See also *Brough v. Oddy*, 1 Russ. & Myl. 55; *Flight v. Bolland*, 4 Russ. 298; *Bass v. Clively*, 1 Tamlyn, 80; *Crampton v. The Varna Railway Co.*, L. R. 7 Ch. 562.

(s) *Ashton v. Corrigan*, L. R. 13 Eq. 76; *Hermann v. Hodges*, L. R. 16 Eq. 18; cf. *Taylor v. Eckersley*, L. R. 2 Ch. D. 302 (all cited in Fry, 17).

to the net profits contracted to sell (so to speak) a kind of derivative interest under the patent. The borrower also may almost be considered as being unable to obtain moneys elsewhere on the strength of the invention and prospective patent rights, on account of their highly speculative and uncertain character. There seems, however, to be no direct authority on the point (t).

Rescission of
contracts.

In general, a contract cannot be rescinded unless by consent of both parties (u). Exceptions occur in the cases of fraud, duress, or mistake (x), or where there has been a *total* failure of the consideration (y), or where a condition precedent has not been (z) or cannot be performed (a). Where there is a contract for the supply of goods of a certain total quantity by periodical instalments, the failure to supply any instalment will not preclude the defaulting party from requiring the completion of the contract (b), unless time is of the

(t) As to the cases of *Rogers v. Challis*, and *Sichel v. Mosenthal*, Fry, L.J., in his work on Specific Performance, p. 17, notices that the agreement remained unperformed in the former case by the intended lender, and in the latter case, by the intended borrower, and states the decisions with these qualifications accordingly, but expresses no opinion as to what decree in each case would have been made if some money had already been paid, or other part performance occurred.

(u) Chitty, 675; Addison, 1218.

(x) As to these, see Addison (Chapter on Voidable Contracts).

(y) *E.g.*, where the thing bargained for is completely different in substance from that delivered (*Kennedy v. Panama, &c. Mail. Co.*, L. R. 2 Q. B. 580); or cannot come into existence (*Knowles v. Bovill*, 22 L. T. N. S. 70). In the latter case, there was an agreement in consideration of an immediate monetary payment for a patentee to apply for prolongation of an existing patent, and also for a patent for a new invention, and also for him to grant licences of both patents to the other party. The patentee's death totally prevented the applications, and it was held that the money must be returned, on the ground of total failure of the consideration. See, also, *Chanter v. Leese* (4 Mees. & Wels. 295; affirmed 5 *ibid.* 698) as to total failure (constructively under the circumstances) of the consideration for a licence not under seal, namely, the exclusive use of six patents, one of which was found void. If the licence had been under seal, in which it was recited that the patent was valid, there would have been an estoppel (see *ante*), and the plea would have been void (*Bowman v. Taylor*, 2 Adolph. & Ell. 295). As to estoppel of a licensee by mere relationship, and failure of consideration moving from the licensor, see Chapter on "Licences," *post*, pp. 187—191.

(z) *Fitt v. Cassanett*, 4 Mac. & G. 898; Chitty, 676. The defendant had made no default, and was held entitled to rescind.

(a) *Chanter v. Leese*, *supra*, and p. 46, *post*.

(b) *Pordage v. Cole*, 1 Wm. Saund. 319; *Simpson v. Crippin*, L. R. 8 Q. B. 14; *Jonassohn v. Young*, 32 L. J. Q. B. 385.

essence (c). Where, in the latter case, each instalment is to be paid for on delivery, the failure to pay for any instalment will enable the vendor to cease supplying further goods (d). If part of a contract is performed, so that only *partial* failure occurs, no moneys paid can be recovered (e), unless the consideration is clearly severable (f). If a partial failure of performance can be compensated for in damages the contract is not put an end to (g); nor can a contract in general be rescinded *in toto* by one party where both cannot be placed in the identical situation which they occupied when the contract was made (h), and accordingly, where one party has derived some advantage from the other party having to some extent performed the contract, the general rule is that the agreement shall stand, and that the defendant must perform his part thereof, and seek compensation in damages for the plaintiff's default (i). Where the consideration has been executed, or, in other words, one party has entirely performed his part of the contract, the other party cannot by denying the title of the plaintiff to the subject-matter of the contract be allowed to be discharged therefrom. This is illustrated by the case of an agreement not under seal, whereby the defendant was licensed by the plaintiff to manufacture manure according to the plaintiff's patent, and sell the same. The prescribed quantity of manure was manufactured and sold by the defendant, who then refused to pay moneys under

(c) See *Hoare v. Rennie*, 5 Hurl. & Norm. 19, where the first supply was exceedingly deficient in quantity, and the purchaser was held entitled to rescind. The decision is disapproved of in *Simpson v. Crippin*, and *Jonassohn v. Young*, *supra*; but *semble*, may be upheld on the ground of time being of the essence of the contract. See *Bradford v. Williams*, L. R. 7 Ex. 259, where the decision is cited with approval, but apparently on the ground of the failure going to the root of the contract. See also 2 Sm. L. Cas. 39 (7th ed.), notes to *Cutler v. Powell*, where the decision in *Simpson v. Crippin* is approved of, and the rule laid down that in order to the rescission of a contract, the breach must have been as to something essential.

(d) *Withers v. Reynolds*, 2 B. & Ad. 882.

(e) Addison, 1184, citing *Hunt v. Silk*, 5 East, 449; *Blackburn v. Smith*, 2 Exch. 783; *Nicholson v. Rickette*, 29 L. J. Q. B. 55.

(f) Addison, 1184; *Astle v. Wright*, 25 L. J. Ch. 864.

(g) Per Littledale, J., in *Franklin v. Miller*, 4 Adolp. & Ell. 599, 605; *Chitty*, 677. See also *Jonassohn v. Young*, *supra*, and *Weaver v. Sessions*, 6 Taunt. 155.

(h) *Chitty*, 677, citing *Blackburn v. Smith*, *supra*; *Fitt v. Cassanet*, *supra* (per Tindal, C.J.); *Hunt v. Silk*, *supra*; and *Beed v. Blandford*, 2 Younge & Jerv. 278.

(i) *Chitty*, 677.

the agreement, and pleaded the invalidity of the patent. It was held that the plea was no defence (*k*).

No apportionment of entire contract.

An entire contract cannot be apportioned (*l*). So that if a party undertake to complete a certain act which is entire or indivisible, before his claim to remuneration is to accrue, he cannot recover for a *partial* performance, although the completion of the act was prevented by an inevitable accident (*m*). The rule, however, is subject to the question of claim upon a *quantum meruit* against any party to the contract who accepts and retains the benefit of the partial performance after the time for completing the contract has elapsed (*n*). Such acceptance and retaining affords evidence of a new contract on a *quantum valebant* (*o*).

h (*k*) *Lawes v. Purser* (1856), 6 Ell. & Black. 930. See further cases on the point in the Chapter on "Licences," *post*, pp. 189—191.

(*l*) Chitty, 670, citing *Chanter v. Leese*, 4 Mees. & Wels. 295; affirmed 5 *ibid.* 698; and, in general, 3 Vin. Abr. tit. "Apportionment"; 2 Pothier, by Evans, 44. In *Chanter v. Leese*, the enjoyment of the six patents under which the exclusive licence was granted, was held to be the consideration for every part of the licensee's promise to pay an annuity. See this case as referred to in note (*y*), at p. 44, *ante*.

(*m*) Chitty, 670 *et seq.*, in which the rule of non-apportionment is illustrated by decided cases—(1) as to remuneration of a sailor at a fixed sum who dies on the voyage; (2) as to a covenant in a charter-party to pay freight on goods being delivered at B., but which, however, were carried to A., where the ship was wrecked, and were accepted by the defendant there; (3) as to acceptance of the surrender of a tenancy in the middle of a quarter without any agreement for apportionment of rent; and (4) as to the eviction by landlord of his tenant from part of premises let at an entire rent, which eviction afforded a complete defence to an action for the use and occupation of the whole of the premises.

(*n*) Chitty, 523, 678; and *Chanter v. Leese*, *ubi supra*.

(*o*) Chitty, 678, citing *Mondell v. Steel*, 8 Mees. & Wels. 858, 871. See also 2 Smith, L. Cas. 28, 29 (7th edit.), notes to *Cutter v. Powell*.

COMMON FORMS.

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COMMON FORMS.

Form of
letters patent
under new
act (b).

1. Victoria, by the grace of God, of the United Kingdom of Great Britain and Ireland, Queen, Defender of the Faith: To all to whom these presents shall come greeting:

Whereas *John Smith*, of 29, *Perry Street, Birmingham*, in the county of *Warwick*, *Engineer*, hath by his solemn declaration represented unto us that he is in possession of an invention for "*Improvements in sewing machines*," that he is the true and first inventor thereof, and that the same is not in use by any other person to the best of his knowledge and belief:

And whereas the said inventor hath humbly prayed that we would be graciously pleased to grant unto him (hereinafter together with his executors, administrators, and assigns, or any of them, referred to as the said patentee) our royal letters patent for the sole use and advantage of his said invention:

And whereas the said inventor hath by and in his complete specification particularly described the nature of his invention:

And whereas we being willing to encourage all inventions which may be for the public good, are graciously pleased to condescend to his request.

Know ye, therefore, that we, of our especial grace, certain knowledge, and mere motion, do by these presents, for us, our heirs and successors, give and grant unto the said patentee our especial licence, full power, sole privilege, and authority, that the said patentee by himself, his agents, or licensees, and no others, may at all times hereafter during the term of years herein mentioned, make, use, exercise, and vend the said invention within our United Kingdom of Great Britain and Ireland, and Isle of Man, in such manner as to him or them may seem meet, and that the said patentee shall have and enjoy the whole profit and advantage from time to time accruing by reason of the said invention, during the term of fourteen years from the date hereunder written of these presents: And to the end that the said patentee may have and enjoy the sole use and exercise and the full benefit of the said invention, we do by these presents for us, our heirs and successors, strictly command all our subjects whatsoever within our United Kingdom of Great Britain and Ireland, and the Isle of Man, that they do not at any

(b) This is Form D to the First Schedule to the Act of 1883, set out in the Appendix. Reference is made to the form in the Introductory Chapter, ante, pp. 16, 17. As to the contents of a patent in the old form, see ante, pp. 5, 6; but the form is too long to be set out here. See, however, recitals (post), as to old patents.

time during the continuance of the said term of fourteen years either directly or indirectly make use of or put in practice the said invention, or any part of the same, nor in anywise imitate the same, nor make or cause to be made any addition thereto or subtraction therefrom, whereby to pretend themselves the inventors thereof, without the consent, licence or agreement of the said patentee in writing under his hand and seal, on pain of incurring such penalties as may be justly inflicted on such offenders for their contempt of this our Royal command, and of being answerable to the patentee according to law for his damages thereby occasioned: Provided that these our letters patent are on this condition, that, if at any time during the said term it be made to appear to us, our heirs, or successors, or any six or more of our Privy Council, that this our grant is contrary to law, or prejudicial or inconvenient to our subjects in general, or that the said invention is not a new invention as to the public use and exercise thereof within our United Kingdom of Great Britain and Ireland, and Isle of Man, or that the said patentee is not the first and true inventor thereof within this realm as aforesaid, these our letters patent shall forthwith determine, and be void to all intents and purposes, notwithstanding anything hereinbefore contained: Provided also, that if the said patentee shall not pay all fees by law required to be paid in respect of the grant of these letters patent, or in respect of any matter relating thereto at the time or times, and in manner for the time being by law provided; and also if the said patentee shall not supply or cause to be supplied, for our service all such articles of the said invention as may be required by the officers or commissioners administering any department of our service, in such manner, at such times, and at and upon such reasonable prices and terms as shall be settled in manner for the time being by law provided, then, and in any of the said cases, these our letters patent, and all privileges and advantages whatever hereby granted, shall determine and become void notwithstanding anything hereinbefore contained: Provided also that nothing herein contained shall prevent the granting of licences in such manner and for such considerations as they may by law be granted: And lastly, we do by these presents for us, our heirs and successors, grant unto the said patentee that these our letters patent shall be construed in the most beneficial sense for the advantage of the said patentee. In witness whereof we have caused these our letters to be made patent this — one thousand eight hundred and — and to be sealed as of the — one thousand eight hundred and —.

(Seal of
Patent Office.)

RECITALS.

2. WHEREAS by letters patent under the Great Seal of the United Kingdom, dated &c. and numbered —, the sole and exclusive licence and authority of making, using, exercising, and vending in the United Kingdom, the Channel Islands, and Isle of Man, an invention for &c. [*name of invention*] were granted to A. B., his

Recital of
grant of
letters patent.
[Old form.]

M. E

executors, administrators, and assigns, for the term of fourteen years from the ——— day of ———, 18— (c), [subject to the said A. B. filing a complete specification of the said invention and otherwise, as therein provided]. [*Or, if the complete specification had been already filed, say, "subject to a condition for making void the same if the specification filed by the said A. B. was not a complete one, and otherwise as therein provided."*]

Complete
specification
filed.

[Old prac-
tice.]

Grant of
letters patent.
[Present
form.]

3. AND WHEREAS on the ——— day of ———, 18—, the said A. B. duly filed a complete specification of the said invention (d).

4. WHEREAS by letters patent under the seal of the Patent Office (e), dated &c., and numbered &c., the sole and exclusive licence and authority of making, using, exercising, and vending in the United Kingdom and the Isle of Man (f) an invention for &c. [name of invention], were granted to the said A. B., his executors, administrators, and assigns, for the term of fourteen years from the date thereof, subject to the payment of the fees and the conditions for making void the same, as therein provided.

French
patent.

5. AND WHEREAS under a Brève d'Invention, dated &c., and numbered &c., granted to the said A. B. in the Republic of France, he is entitled to the sole privilege or licence of using and vending within the said Republic and any of its Colonies or dependencies, an invention for &c., for a term of ——— years from the ——— day of ———, 18—.

Claim to be
first inventor.

6. WHEREAS the said A. B. claims to be the inventor of improvements in &c. [title of invention], and that such invention is not and has never been used or known within this realm.

Provisional
protection (or
acceptance of
complete
specification)
obtained.

7. WHEREAS the said A. B., as inventor of a new and improved process for the manufacture of &c. [title of invention], made his application for letters patent on the ——— day of ——— last, and has obtained provisional protection [*or, say, "has obtained the acceptance of a complete specification."*]

Recital of
invention and
patent taken
out.

8. WHEREAS the said A. B. is the inventor of a new and improved process for the manufacture of &c. [title of invention], and has obtained letters patent for the same within the United Kingdom [the Channel Islands], and the Isle of Man, dated &c., and numbered &c., for the term of fourteen years therefrom.

Agreement
to purchase
a patent and

9. AND WHEREAS the said C. D. has agreed to purchase for the sum of £—— the said letters patent and the exclusive benefit

(c) The "subject" clause following the above date may probably, in most cases, be omitted.

(d) A complete specification is now required to be left at the office (sects. 5, 8, 9 of the new Act, *post*, pp. 308, 309.

(e) As to the seal, see sect. 12 of the new Act.

(f) The Channel Islands are not included. (Sect. 16 of the new Act, *post*, p. 311.) See *Form I.*, *ante*.

thereof, and of any extension thereof, together with the like benefit in all improvements or additions to the said invention, or any discovery useful for the manufacture of —, now or hereafter made [*or* acquired], by the said A. B. all improvements, &c., and extensions.

10. AND WHEREAS the vendor is entitled under an assignment, dated &c., and made between &c., to the said invention and letters patent, and the exclusive benefit thereof respectively. Title by assignment.

CLAUSES.

11 (*g*). The said A. B. shall at his own expense, in the presence of the said C. D. and any agent of his, make trial of the said invention, and manufacture according thereto some good specimens [*or* a quantity not exceeding — lbs. or &c.] of —, and shall give to them respectively all necessary explanation of the process and details of such manufacture and the mode of application of the said invention, so as to enable them respectively to form an opinion as to the utility and value thereof; but neither the said C. D. nor his agent shall, except for any of the purposes hereof, hereafter make use of the invention [*or* communicate the secret thereof to any person or persons (*h*)] without the written consent of the said A. B. (*i*). Trial of invention.

12. The said C. D. shall forthwith be entitled at his own expense [*or* at the expense of &c.] to be made an applicant for the grant of the patent for the United Kingdom and the Isle of Man jointly with the said A. B., who shall procure the amendment of his application in this respect accordingly (*j*). Purchaser to be made co-applicant by amendment.

13 (*k*). The said C. D. shall keep at his usual place of business all proper books of account, and make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for the purposes hereof relating to the manufacture and sale of the [articles] made according to the said invention, and the licences [*or* sub-licences] granted in respect thereof, and all other dealings by him with or in relation to the said invention and patent rights subject hereto, and to the said business or any of them, and shall balance his accounts at the end of each half-year aforesaid; and shall at all times during the continuance and for the purposes Accounts to be kept, inspection allowed, evidence given, &c.

(*g*) See another form, namely, Clause 2 of *Agreement II.*, *post*, p. 64, in the case where no application for the patent has been made, and the inventor has applied to a manufacturer to *make* a specimen of the patent instrument and try it himself before binding himself to join with the inventor in taking out the patent.

(*h*) If the complete specification has been accepted, omit the words in brackets. See sect. 10 of the new Act as to publication by the office after the acceptance, *post*, p. 310; and *ante*, p. 14.

(*i*) As to confidential disclosures in respect of a secret invention, see *ante*, pp. 27, 28.

(*j*) See as to amendment of the application by making a lender or purchaser a co-applicant, *ante*, p. 29.

(*k*) As to certain introductory matter to this clause, see next form.

hereof produce the said books to the said A. B. or his agents or agent, and suffer him or them to inspect and make copies of or extracts from the said books or any of them as and when reasonably required by him or them, and shall give the said A. B. or his agents or agent all information, and, at the expense of the said A. B., evidence by statutory declaration or otherwise as to the truth of any particulars aforesaid as and when reasonably required by him or them [and shall pay the charges and expenses (not exceeding £——) of a chartered accountant (if any) employed by the said A. B. for any half-year to investigate the said books and state of the said business for the purposes aforesaid]; and shall at the end of each half-year aforesaid send to the said A. B. a full account and balance-sheet for such half-year.

Accounts, &c.
(varying last
form).

14. All accounts between the said parties shall be made up and settled at the end of every calendar month, the first whereof commencing at &c., and accordingly each shall keep at his factory aforesaid [or his usual place of business] all proper books of account, &c. [*Adapt last form.*]

Improvements, &c. by
either party
to be shared.

15 (l). Each party shall from time to time, after making any improvement in or addition to the said invention or discovery useful in the manufacture of —— (including any improvement, addition or discovery aforesaid now (if so) in his knowledge and possession), forthwith give notice thereof in writing to the other of them; and, as and when reasonably required by the latter and at his expense as to actual costs (if any) out of pocket occasioned thereby, communicate and explain to him or his agents such improvement, addition, or discovery; and the said other party, in case the communicating party shall not intend to take out letters patent in respect thereof, shall be entitled to use the same free of charge (m); but in case the communicating party shall intend to apply for letters patent in respect thereof, shall pay one moiety (n) (not, however, exceeding altogether the sum of £——) of the current costs and expenses of and attending the application for and obtaining the said letters patent, and shall be entitled to be made a co-applicant therefor, and the same when obtained shall be held and enjoyed by the said parties in equal shares (n) [subject to the terms of clause —— hereof].

Improvements, &c.
by vendor.

16 (o). The vendor shall from time to time, after making any

(l) Where the parties respectively are licensor and licensee, and not co-owners, use *Sp. Cl. 44, post*, p. 240. For elaborate provisions in the case of a purchase of a patent on the "hire system," see *Agreement XI., post*, p. 89.

(m) Here add, if applicable, "except as to royalties as aforesaid on the —— manufactured by him, with the application thereof."

(n) Or in unequal shares as may be intended. For other provisions relating to improvements, &c., see the next Form and the *Precedents* (General Index). On this subject generally, see observations at pp. 33, 34, *ante*.

(o) See last Form also, and notes thereto. For an elaborate clause with provisoes in an agreement for sale on the "hire system," see *Agreement XI., post*, p. 89.

improvement in or addition to the said invention or discovery useful in the manufacture of ——— (including any improvement, addition, or discovery aforesaid now (if so) in his knowledge and possession), forthwith give notice thereof in writing to the purchaser or his assigns, who shall be entitled to the sole and exclusive benefit thereof [except as to the personal use thereof by the vendor]; and as and when reasonably required by the purchaser or his assigns, but at his or their expense as to actual costs (if any) out of pocket occasioned thereby, communicate and explain to the purchaser or his assigns, or his or their agents, any such improvement, addition, or discovery [and at the like expense and also for such remuneration, not being less than at the rate of £—— per day, as the purchaser or his assigns shall think fit to allow therefor, himself personally, and to the best of his ability, instruct, superintend, and assist on any business premises of the purchaser or his assigns, not less than ——— workmen or other persons named by him or them in the process and details of the manufacture of articles with the use of such improvement, addition or discovery, so as to make them proficient therein]. And shall, at the expense (not, however, exceeding the sum of £——) of the purchaser or his assigns, if he or they shall require the same, apply for and obtain, or (if he or they shall so think fit) join with him or them in applying for and obtaining, letters patent, in respect of any such improvement, addition or discovery; and execute and do all such assurances and things as shall be necessary or convenient for vesting the same letters patent and the exclusive benefit thereof in the purchaser or his assigns [subject to the personal use by the vendor of the invention comprised therein] as by the purchaser or his assigns shall be reasonably required.

AND FURTHER, the foregoing provisions in this clause (including as to the limit of expense to the purchaser or his assigns) shall, as far as possible, apply to the interest of the vendor in every such improvement, addition, or discovery aforesaid, which he may, in conjunction with any other person or persons, now have in his knowledge and possession, or hereafter make (p).

17. The said A. B. shall not, during the continuance of the said patent or any extension thereof [except as herein provided], manufacture [or sell (q)] any articles aforesaid, or such articles as shall be similar in character to the same, or be engaged or concerned in or promote any business or company for the manufacture, sale, or letting on hire of any such articles respectively, or do any act or thing calculated to depreciate the value to the said C. D. of the said invention.

Vendor not to be concerned in trade in similar articles.

18 (r). Either party may determine this agreement at any time hereafter [or after the ——— day of ——— next] by serving

Determination of agreement by either

(p) Compare this with the last Form. See also notes thereto.

(q) A right to manufacture includes a right to sell the patent articles (*Thomas v. Hunt*, 17 C. B. N. S. 183).

(r) See also the next Forms, 19—23, which all relate to rescission of agreements.

party on
notice.

the other of them with three calendar months' previous notice in writing for this purpose, but such determination shall be without prejudice to any moneys then due, or right of action to either party then already accrued hereunder.

Determina-
tion on de-
fault in pay-
ment, or
breaches of
covenants.

19 (s). Provided always that if the said C. D. shall make default for one calendar month in payment of any moneys due hereunder, or shall commit a breach of any other of his obligations hereunder, and (where such breach is capable of being made good) shall for the space of ——— days after he shall have been served by the said A. B. with a notice in writing requiring him to make good the same, omit so to do, or shall become bankrupt, or commit an act of bankruptcy, whether available for adjudication or not [or shall not in any half-year aforesaid manufacture by himself or his sub-licensees (if any) ——— of the said articles at least according to the said invention, or any improvement or addition thereto, or new discovery as aforesaid], then the said A. B. may at any time thereafter by notice in writing served on the said C. D. forthwith rescind this agreement, but such rescission shall operate without prejudice to the recovery by the said A. B. of any [royalties or other] moneys due at the time thereof, or to any right of action by either party then already accrued hereunder.

Power to
rescind if
vendor delays
proceedings
to obtain
patent;

20 (t). If the vendor shall unreasonably make delay in, or discontinue the proceedings in respect of, his application for the patent, and shall for more than ——— days after he shall have been requested in writing by the purchaser to continue the same, omit so to do, the purchaser may, at any time thereafter before the vendor shall (if at all) continue such proceedings, either retire from the purchase of that patent (and shall accordingly be entitled to a return of all moneys paid by him in respect of such purchase, together with interest thereon, respectively (as for money lent) at the rate of ——— per cent. per annum from the times of payment until the repayment thereof respectively) or, if time will so admit, may at the expense of the vendor and by means of a power of attorney or other (if any) necessary power from him (who shall accordingly confer the same), himself continue or cause to be continued the said application, and all proceedings consequent thereon, until the said patent shall be granted and vested in the purchaser as aforesaid; and all moneys (if any) paid by the purchaser in the due and proper exercise of any such powers shall be repaid by the vendor on demand, together with interest thereon respectively at the rate last aforesaid from the time of payment until the repayment thereof respectively, notwithstanding that from any cause

Or purchaser
may by power
of attorney
take out
patent.

(s) See also last Form, and next Forms, 20—23, which all relate to rescission of agreements.

(t) This clause, with slight variation, is used in *Agreement VI.*, *post*, p. 78, as to foreign and colonial patents in course of being taken out, and is, perhaps, more applicable to such patents than to British ones, but may be useful as to the latter also. See also the last two and next three Forms, which all relate to rescission of agreements.

not attributable to the purchaser the patent shall not be finally obtained.

21 (u). The purchaser may at any time not later than ——— weeks before the time fixed as aforesaid for the completion of the purchase, retire therefrom by then serving the vendor with a written notice for that purpose, whereby also he shall offer to relinquish all claim to any moneys paid by him in respect of the said purchase, and also to pay on demand any moneys then already due in the like respect and remaining unpaid.

Liberty for purchaser to withdraw within given time on forfeiting moneys paid.

22 (v). If through any cause attributable to the state of the title to the invention the patent cannot or shall not be obtained, the purchaser shall be entitled on demand to a return of all moneys paid by him in respect of the said purchase, but without any interest thereon, or [subject as in clause ——— provided] any claim for damages or compensation on account of the failure to obtain the patent.

If patent not obtainable, moneys (without interest) returned.

23 (w). If the said patent shall be judicially declared void and incapable of being restored either wholly or as to some material part of the said invention, any instalment or instalments aforesaid then remaining unpaid shall thereupon cease to be payable either at all (and in that case this agreement shall absolutely determine without prejudice to the payment of all moneys then already due, or to any right of action by either party then already accrued hereunder), or (in the event of a successful appeal from the judgment) during the period for which the same shall remain in force, and in the event of a successful appeal therefrom the right of the said A. B. to payment of the said instalments then remaining unpaid shall [subject to the exercise by either party of his right (if any) to rescind or determine this agreement as aforesaid] revive, and the said instalments or such one or more of them (if any) as shall have fallen due during the period aforesaid shall bear interest at the rate aforesaid from the date of the judgment on appeal until payment thereof respectively. Provided always that any final cesser of payment as aforesaid shall be deemed satisfaction in full to the said C. D. of any claim by him for damages or compensation by reason of the said patent becoming or being declared void as aforesaid (x).

If patent declared void, instalments cease, or if appeal made then payments only suspended.

Final cesser of payment to be in lieu of damages.

24. If any difference shall arise between the parties hereto in respect of the construction hereof, or their respective rights, duties, or liabilities hereunder, the same shall be referred to two arbitrators, one to be appointed by each of the parties, and such arbitrators or their umpire may accordingly make an award in respect of the

Arbitration clause.

(u) See last three Forms, and the next two Forms, which all relate to rescission of agreements.

(v) The Forms 18—23 all relate to rescission of agreements.

(w) The previous Forms, 18—22, all relate to rescission of agreements.

(x) See similar clauses as to royalties being in suspense, *Agreement XII.*, and *Licence VII.*, *post*, pp. 93, 266.

said difference and the amount of the costs of and incident to such reference and award respectively, and the person or persons by whom and in what manner the same shall be paid; and the submission shall be made an order of the High Court of Justice upon the application of either party who may instruct counsel to consent thereto for the other of them, and the death of any party shall not operate as a revocation of the submission or otherwise be a bar to proceedings in respect thereof (y).

Transmission
clause ("as-
signs" to be
imported).

25. Except where in any case the context requires a different interpretation the expression "the vendor," or "the purchaser" [or "the said A. B." or "the said C. D."], or any other expression designating the same person, wheresoever used herein shall extend and be construed to apply also as far as possible to the assigns of the person so designated.

(y) The Common Law Procedure Act, 1854 (17 & 18 Vict. c. 125), which, except as to the particular sections relating to arbitration and some others, has been totally repealed by the Statute Law Revision, &c. Act, 1883 (46 & 47 Vict. c. 49), gives the rules as to submission to arbitration and proceedings thereon. On the subject generally, see Russell on Arbitration. A concise statement of some of the principal rules, together with observations thereon, will be found in Palmer's Company Precedents, p. 21 (3rd edition, 1894). The sections of the Act, unaffected by the repeal, are sects. 3 to 17, 20 to 30, 59, 87, 89, 103, 106, and 107.

AGREEMENTS.

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I.

AGREEMENT for Loan by Instalments to enable Inventor to PRECEDENT I.

TAKE OUT the Patent and WORK the Invention—PROVISIONAL PROTECTION [or ACCEPTANCE of Complete Specification] already obtained—PRELIMINARY TRIAL of Invention—Option to make Advances—Patent to be taken out in JOINT NAMES and MORTGAGED to Lender—INTEREST half-yearly AT FIXED RATE, and ALSO ACCORDING TO PROFITS—TERM CERTAIN.

AN AGREEMENT made the ——— day of ——— 18— BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part (a): WHEREAS the said A. B. as inventor of a new and improved process, &c. [title of invention] made his application for letters patent on the ——— day of ——— last (b) and has obtained provisional protection (c): AND WHEREAS the said A. B. has requested the said C. D. to lend him the sum of £A to enable him to obtain the patent for and establish himself at ——— in the business of working the said invention: NOW IT IS AGREED AND DECLARED as follows:—

Recitals.
Application for patent.
Provisional protection [or Acceptance of complete specification].
Request of loan.
Trial of invention.

1. The said A. B. shall at his own expense in the presence of the said C. D. and any agent of his make trial of the said invention and manufacture according thereto some good specimens (d) of ——— and shall give to them respectively all necessary explanation of the process and details of such manufacture and the mode of application of the said invention so as to enable them respectively to form an opinion as to the utility and value thereof but neither the said C. D. nor his agent shall except for any of the purposes hereof hereafter make use of the invention [or communicate the secret thereof to any person or persons (e)] without the written consent of the said A. B. (f).

2. If the said invention shall not be tried as aforesaid within ——— calendar months from the date hereof or if within ——— weeks after such trial the said C. D. shall not give notice in writing to the said A. B. of his intention to make any advances in the terms of this agreement the same shall at the end of such period absolutely determine (g).

Option after trial to make advances.

(a) As to recitals in agreements, and the law of estoppel, see *ante*, pp. 40, 41.

(b) This date will also be the date of the patent, notwithstanding the time of sealing (sect. 13 of the new act, *post*, p. 311).

(c) Or say, if the case, "has obtained the acceptance of a complete specification." As to provisional protection, and the patent rights obtained on the acceptance of the complete specification, see pp. 13—15, *ante*, and sects. 14 and 15 of the new act, *post*, p. 311.

(d) Or "a quantity not exceeding — lbs.," or &c.

(e) If the complete specification has been accepted, omit the words in brackets. See sect. 10 of the new act, as to publication by the office after the acceptance, *post*, p. 310, and *ante*, p. 14.

(f) As to confidential disclosures in respect of a secret invention, see *ante*, pp. 27, 28.

(g) Until C. D. has advanced any money the parties will be under no binding agreement, and each can withdraw at any time before the period

PRECEDENT I.

If C. D. so decide, advances to be made to obtain patent.

3. If the said C. D. shall give such notice as aforesaid he shall advance the said sum of £A by instalments (*h*) namely £B when he shall be satisfied that the said A. B. has prepared the complete specification of the said invention (*i*) and a further sum of £C within ——— days after the acceptance of the complete specification shall have been duly notified to the said C. D. from the patent office in respect of the joint application for the patent as hereinafter provided to be made and the balance of the said sum of £A upon the execution of the mortgage hereinafter mentioned.

C. D. to be made co-applicant by amendment.

4. As soon as the said C. D. shall have advanced the said A. B. the said sum of £B whether he shall have given such notice as aforesaid or not he shall be entitled to be made an applicant for the grant of the patent for the United Kingdom and the Isle of Man jointly with the said A. B. who shall procure the amendment of his application in this respect accordingly (*j*).

Joint grant of patent to be obtained and mortgage to be executed.

5. After the said application shall have been amended as aforesaid the said patent shall with all due speed and at the expense of the said A. B. be obtained (*k*) in the joint names of the said parties and immediately after the grant thereof the said A. B. shall at his own expense execute a mortgage thereof or of all his interest therein so that thereby the entirety thereof shall be vested in the said C. D. to secure the repayment of all advances hereunder together with interest as hereinafter provided and so that on redemption the entirety of the said patent shall be assigned to the said A. B. (*l*).

No further advances unless former

6 (*m*). Provided however that the said C. D. may at any time refuse to make any advance unless satisfied with the application of

fixed for the first advance. The first two clauses are, therefore, only preliminary to the agreement proper. If the lender were already satisfied with the invention and the complete specification he might advance a sum at once.

(*h*) In case the complete specification has been accepted at the date of the agreement it may be suitable to substitute the following clause in lieu of Clauses 3 and 4:—

"If the said C. D. shall give such notice as aforesaid he shall advance the said sum of £A in two instalments namely the sum of £B on the said A. B. making him a co-applicant for the grant of the patent and the sum of £C upon the execution of the mortgage hereinafter mentioned."

(*i*) Or say, "satisfied that Mr. X. of &c. or other patent agent nominated by or approved of by the said C. D. has under the instructions of the said A. B. prepared &c."

The sum of £B is suggested in order to defray the expenses of the preparation of the complete specification, and obtaining the acceptance thereof.

(*j*) See as to amendment of the application by making the lender or purchaser a co-applicant, p. 29, *ante*.

(*k*) As to abortive or abandoned applications, see note (*d*) to the next precedent.

(*l*) The patent could, of course, be taken out by the inventor alone, and then mortgaged. The above method is, however, advised, in order to prevent adverse dealings with the patent before the execution of the mortgage. See *ante*, p. 29.

As to the form of such a mortgage, see *Mortgage II.*, *post*, p. 172.

As to specific performance of agreements for loans, see *ante*, pp. 43, 44.

(*m*) Omit this clause if the sum is to be advanced in only two instalments, as mentioned in note (*h*), *ante*.

all previous sums advanced or being dissatisfied therewith shall be unable or fail to make or sustain any reasonable objection thereto.

7. The said A. B. shall pay to the said C. D. half-yearly on every _____ day of _____ and _____ day of _____ commencing as from the time of advancement thereof interest on every sum advanced and for the time being remaining unpaid hereunder that is to say firstly a fixed interest at the rate of _____ per cent. per annum and secondly a further interest to the extent of one-third share of the net profits (if any) of the said business for the half-years then ending respectively or such part of the said one-third share as shall be equal to _____ per cent. (n) of the total sum advanced as aforesaid and for the time being remaining unpaid (o).

PRECEDENT I.

ones properly applied.

Interest at fixed rate, and a further interest out of profits, but not exceeding a percentage on moneys owing.

8. Notwithstanding anything hereinbefore contained all advances shall except as next provided be repaid at the end of six calendar months from the respective times thereof. Provided however that if the said patent shall be obtained within _____ calendar months herefrom and the said mortgage shall be duly executed as aforesaid then so long as the said A. B. shall on or within thirty days after every half-yearly day aforesaid until the _____ day of _____ 18— pay all interest for the time being due as aforesaid and perform and observe all his obligations for the time being hereunder or under the said mortgage and shall on or before the _____ day of _____ 18— (p) have finally established himself in the said business the said C. D. shall not before the said _____ day of _____ 18— (q) call in the principal moneys so advanced or any part thereof respectively. Provided also that the said C. D. shall not before the said _____ day of _____ 18— (q) be compelled to receive the said principal moneys or any part thereof respectively.

Moneys to remain for a term certain, if interest punctually paid, &c.

9. The said A. B. shall keep at his usual place of business all proper books of account and shall make true and perfect entries therein at the earliest opportunities of all particulars relating to the manufacture or sale of the articles made according to the said invention and the licences (r) granted by him in respect thereof and all other dealings by him with or in relation to the said invention and patent rights subject hereto and to the said business or any of them and shall balance his accounts at the end of each half-year aforesaid and shall at all times during the continuance and for the purposes hereof give the said C. D. or his agents all information and at the expense of the said A. B. evidence by statutory declaration or otherwise as to the truth of any particulars aforesaid and

Half-yearly accounts, inspection, &c.

(n) In fixing this percentage, it should be noticed that the period is half a year only.

(o) As to this further interest, see *ante*, p. 29. As to the position of the lender on the bankruptcy of the inventor, see *ante*, p. 30.

(p) Some early date.

(q) The first-mentioned date.

(r) There will be a check on the grant of licences by the mortgagor alone if the mortgage, or, in default of the latter being executed, the agreement itself, be registered immediately after the grant of the patent. See note (w), *infra*, as to the registration of this agreement if no mortgage be executed. As to the power of one co-patentee to grant licences, see *post*, p. 118.

PRECEDENT I. suffer him or them to inspect and make copies or extracts from the said books or any of them as and when reasonably required by him or them and shall pay the expenses (not exceeding £——) of a chartered accountant (if any) employed by the said C. D. for any half-year to investigate the said books and state of the said business for the purposes aforesaid and shall at the end of each half-year aforesaid send to the said C. D. a full account and balance sheet for such half-year (s).

Contents of mortgage deed.

10. The said mortgage deed shall contain all such covenants and provisions as shall be necessary to carry out the terms of this agreement so far as they shall remain to be performed or observed together with absolute covenants for title to the said invention and patent rights subject to this agreement and as to the validity of the patent and for the payment by the said A. B. of all renewal fees and for the maintenance and protection by him of the patent but shall reserve to the said A. B. the right at any time or times before the said C. D. shall become entitled to exercise the power of sale to grant licences other than *exclusive* ones but at the highest royalties obtainable and not at fines or premiums and containing provisions enabling the licensor to revoke the same respectively on default in payment of any royalties for the space of thirty days or on breach of any other covenants or conditions therein contained and shall enable the said C. D. at any time or times after he shall become entitled to exercise the power of sale to grant licences without restriction and shall as far as can be include the benefit of any extension (t) of the patent and of any improvements or additions to the said invention or any new discovery relating to the subject-matter thereof (u) now (if at all) in the knowledge and possession of or which may hereafter be made by the said A. B. either solely or in conjunction with any other person or persons and of all patent rights obtainable by him in the United Kingdom and Isle of Man in respect thereof respectively and lastly shall contain all such other clauses or provisions as shall be necessary usual or convenient for securing to the said C. D. payment of the moneys and interest intended to be secured as aforesaid (v).

Charge on patent and declaration of trust.

11. Until the said mortgage shall be executed the patent rights for the time being comprised herein shall stand charged with the

Foreign and colonial patents.

(s) As to accounts generally, see p. 33, *ante*.
 (t) As to applications for extensions, see *ante*, p. 19.
 (u) As to improvements or additions, &c., see *ante*, pp. 33, 34.
 (v) If any colonial or foreign patents are intended to be also a security they cannot, of course, be comprised in the mortgage. There should be a recital in the agreement of such intention, and also of applications being, or about to be, made for the respective patents. A clause should then be inserted, providing that A. B. will, with all due speed, or within specified times, make or prosecute his applications, and obtain the respective patents, and execute a proper mortgage of them to C. D., according to the laws of the different countries. After the complete specification in this country has been accepted, and consequently published (sect. 10 of the new act, and see *ante*, p. 14), it will be impossible in most colonies or foreign countries which are not members of the International Union to make effective applications for the patents. See as to colonial and foreign patents and the International Union, *ante*, p. 36.

repayment of the principal moneys and interest as aforesaid and the said A. B. shall hold the same patent rights in trust for the said C. D. to enable him more effectively to enforce the said charge where necessary and shall perform and observe the covenants and provisions to be comprised in the said mortgage deed so far as possible as if the same had been duly executed. IN WITNESS &c. (w).

PRECEDENT I.

(w) By the Conveyancing Act, 1881, ss. 19, 20 (App., *post*, pp. 375, 376), certain powers of sale and other powers are given to mortgagees where the mortgage is by deed. By sect. 2 (6) a mortgage includes "a charge." It seems, therefore, advisable that, in view of possible delay in the execution of the mortgage, the above agreement should be executed as a deed. The declaration of trust above made may be useful in enabling C. D. to get in the legal estate under the Trustee Acts, 1850 and 1852, on any sale by him to enforce the charge in case A. B. refuses to concur in the sale. See notes to sections 19, 20, and 21 of the Conveyancing Act, 1881, in Wolstenholme and Turner's work on the Conveyancing Acts, pp. 66—72, 4th edition, 1885. See note (e), *Agreement III.*, *post*, p. 69, to the same effect.

This agreement to be executed as a deed in order to enforce the powers under Conv. Act, 1881.

Declaration of trust to be for purposes of Trustee Acts.

Registration.

Stamp duty.

Should there be delay in the execution of the mortgage the agreement itself should be registered, as being a document defining the interests of co-grantees (see p. 24, *ante*).

Stamp duty will be payable on this agreement to the extent of the whole sum of £A (see Stamp Act, 1870, tit. "Mortgage," &c., sub-s. (1), and sect. 107), and on the mortgage deed sixpence per £100 or fractional part (*ib.* tit. sub-s. (2)).

II.

PREC. II. **AGREEMENT** *by a MANUFACTURER to pay expenses of obtaining a Patent—No APPLICATION yet made—JOINT PATENT—MANUFACTURER ALONE to work Patent—PAYMENT OF ROYALTIES—OPTION TO PURCHASE Patent—Provision for renewal of Agreement by Surviving Partners (if any) of Manufacturer.*

*Recitals.**Invention.*

No patent yet applied for.

R. established in manufacture.

Disclosure of invention.

R. to make and try specimens, and if not elect to carry out agreement the same to be void without compensation.

After R.'s election, patent to be obtained at his expense in joint names.

W. to pay expenses of abortive proceedings if caused by him, together with interest.

AN AGREEMENT made &c. BETWEEN W. of &c. of the one part and R. of &c. of the other part: WHEREAS W. claims to be the true and sole inventor of a method of determining the distances of certain objects from the eye of the observer by means of an adaptation of the telescope: AND WHEREAS W. has not yet applied for any letters patent in respect of the said invention: AND WHEREAS R. is established at ——— as a manufacturer and seller of telescopes and other optical instruments: NOW IT IS HEREBY AGREED as follows:—

1. W. shall forthwith fully disclose to R. the nature and extent of the said invention (a).

2. Within one calendar month after such disclosure and at his own expense R. shall make or adapt a telescope or other instrument in accordance with or exhibiting the said invention and make trial of the same and within a further period of one calendar month he shall in writing state his willingness to carry out the obligations on his part hereinafter contained or in default of such statement this agreement shall become null and void as to anything remaining to be done thereunder and the said invention shall continue to be the sole property of W. who shall not be liable in respect of any sum or sums expended by R. under this clause (b).

3. After R. shall have stated his willingness to carry out the obligations aforesaid the said parties shall at his expense apply for and obtain a patent in their joint names for the said invention for the United Kingdom and Isle of Man. Provided however that all moneys paid by R. in respect of any application or proceedings thereon which by reason of any wilful act or default of W. shall become abortive or abandoned (whether revivable or not) shall be repaid by W. on demand with interest thereon at the rate of ——— per cent. per annum from the respective times when the same were so paid until the repayment thereof respectively (c).

(a) Compare this with Clause 1 of last precedent. Here no elaborate clause is needed.

(b) See as to disclosure and trial of an invention and remedies for breach of confidence in using or revealing the information, *ante*, p. 27.

(c) No new initiatory application can, of course, be made after the accept-

4. Subject and without prejudice to the provisions hereinafter contained the said parties hereto shall hold the said invention and patent and all other inventions and patent rights for the time being subject hereto equally between them as tenants in common.

5. R. shall have the sole right for himself and partners (if any) for the time being exclusive of W. and all other persons of using working and vending the said inventions and patent rights including the granting of licences at royalties. Provided however that both parties shall concur in the sale or assignment (if any) of any patent rights for the time being subject hereto or any part thereof or share therein respectively and also in the grant of licences under any of the said patent rights at fines or premiums and they shall be entitled to the net proceeds of any such sale or the fines or premiums or any royalties aforesaid in equal shares.

6. R. shall at the end of each half year hereinafter mentioned pay to W. the royalty of — shillings in respect of each instrument aforesaid made or adapted by him according to the said or any other invention for the time being subject hereto and in such half-year sold by him whether he shall actually have received the price thereof or not (d).

7. All fees and the costs and expenses of and attending the maintenance and protection of the said patent rights shall in the first instance be paid and borne by R. who shall be entitled in the half-yearly accounts hereinafter provided to be furnished to charge W. with one moiety of the same respectively.

8. R. shall keep at his usual place of business all proper books of account and shall make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for the purposes hereof relating to the manufacture and sale of the instruments made or adapted as aforesaid and the licences granted in respect thereof and shall produce the said books to W. or his agents or agent at all reasonable times for inspection and the taking copies or extracts therefrom and shall at his own expense obtain and give to him or them from time to time all such information as to any item or matter contained or which ought to be contained therein as shall be reasonably required.

9. Accounts between the said parties shall be settled at the end of each half-year the first whereof commencing at the date when complete protection shall have been obtained in respect of the said invention.

PREC. II.

Subject to remaining provisions, the patent rights to be held equally as tenants in common.

R. to have sole right to make and sell and grant licences at royalties.

Other dealings jointly, and all sums received on licences divided equally.

R. to pay royalties to W. on instruments sold.

Fees and costs of protection, &c. paid by R. firstly, then borne equally.

Accounts kept, and inspection allowed, &c.

Half-yearly settlements.

ance of the complete specification, as publication then takes place. (Sect. 10, and see p. 14, *ante*.) After the expiration of the time for acceptance, if no acceptance has been obtained, it seems that, as by sect. 4 of the Amendment Act, 1885 (*post*, p. 332), no publication by the office is to ensue, the applicants may begin their applications *de novo*. This is, in fact, an abandonment of a provisional specification. In *Oxley v. Holden* (8 C. B. N. S. 666), it was held (under old law) that the abandonment of a provisional specification [it had not been published by the office] was not a dedication to the public of the invention.

No provision is made above for the default of R. in advancing moneys, or neglecting to co-operate in the application, as he would probably be in the position to make his own terms.

(d) For a provision in the case of bad debts, see *Sp. Cl.* 17, *post*, p. 232.

PREC. II.

Improvements, &c. by either party to be included.

10. Every improvement in or addition to the said invention or new discovery useful in the manufacture or adaptation of telescopes for the like purpose as aforesaid now (if at all) in the knowledge and possession of or which hereafter may be made by either party either solely or in conjunction with any other person or persons shall as far as practicable but subject to the rights therein of any such person or persons be treated as part of or as comprised in the said invention and except as to costs (if any) out of pocket occasioned thereby be communicated and explained by him free of charge to the other of them but no patent shall be applied for or taken out in respect thereof unless R. shall think fit and then as between the said parties at their joint cost and in their joint names subject to the rights of any such person or persons and such patent (if any) shall subject as aforesaid be also subject to this agreement in the same manner as far as possible as the letters patent to be obtained in respect of the said invention (e).

R. may purchase W.'s interest at fixed price on notice.

11. R. may at the end of any half-year aforesaid after having served W. with one calendar month's previous notice in writing for that purpose and satisfying all sums (if any) then due to W. hereunder purchase for the sum of £—— all the estate and interest of W. in the said patent and any patent rights then subject hereto (f).

On death of R. his surviving partners may elect to continue the agreement.

12. If R. shall die during the continuance of any patent rights for the time being subject hereto before he shall have elected to purchase the same as aforesaid his surviving partner or partners (if any) shall subject to any provisions in the articles of partnership to the contrary have the option to be declared in writing and served on W. within —— calendar months from the date of the death of R. to continue to carry out his part of this agreement upon the like terms as aforesaid except as provided in Clause 11. IN WITNESS, &c. (g).

(e) As to improvements or additions, see *ante*, pp. 33—36.

(f) As to specific performance of contracts to sell patents, existing or future, see *ante*, p. 42.

(g) For a clause as to service of notices, see *Sp. Cl.* 51, *post*, p. 242.

III.

AGREEMENT for LOAN to a Firm—*Advances with Interest repayable only out of FIXED SHARE of NET PROFITS half-yearly—Present Advance—Other Sums advanced according to state of Profits—CHARGE ON PATENTS—NO PERSONAL LIABILITY to repay (a).* PRINC. III.

AN AGREEMENT made the ——— day of ——— 18— BETWEEN A. B. and C. D. of &c. (hereinafter called "the firm") of the one part and E. F. of &c. of the other part: WHEREAS the firm is absolutely entitled to the patent rights mentioned in the Schedule hereto: AND WHEREAS the firm has for some time past been engaged at its address aforesaid in co-partnership in the business of working the said patent rights and the granting of licences thereof: AND WHEREAS the said E. F. has agreed to advance the firm the sum of £—— by instalments repayable together with interest at the rate of ——— per cent. per annum out of one-third share of the net profits derivable from the said patent rights as from the ——— day of ——— last but charged on the said patent rights as hereinafter provided and not to be repayable by the firm or any member thereof personally: AND WHEREAS the last half-yearly accounts of the said business have been duly made up and ascertained as on the said ——— day of ——— last: AND WHEREAS the said E. F. has inspected the books of the said business and ascertained the state thereof and the amount of net profits derived from the said business during the two years immediately preceding the said ——— day of ——— last and for the purposes hereof has accepted all the accounts relating to such period as entirely correct: AND WHEREAS the method by which the said accounts have been taken is intended subject as hereinafter mentioned to be also applied in ascertaining the amount of future net profits: AND WHEREAS in part pursuance of the said agreement the said E. F. has immediately before the execution hereof advanced the firm the sum of £—— part of the said sum of £—— the receipt of which sum of £—— the firm doth hereby acknowledge. NOW IT IS HEREBY AGREED as follows:—

1. The said sum of £—— and all other sums advanced hereunder shall bear interest at the rate of ——— per cent. per annum from the respective times of advancement thereof but except as to the charge on the said patent rights hereinafter contained shall together with the interest aforesaid be repayable only out of one-third share of the net profits derivable from working the said

Recitals.
Title to patents in schedule.
Business of firm to work same.
Agreement for advances to firm repayable out of net profits, and charged on patents.
Last half-year's accounts made up.
Accounts for last two years inspected by E. F., and accepted as correct.
Past method of taking accounts accepted for ascertaining future profits.
Part of moneys now advanced.
Operative part.
Advances and interest only repayable out of profits or the patent rights.

(a) As to this kind of agreement, see *ante*, pp. 31, 32.

PART. III.	patent rights and not by the firm or either member thereof personally (b).
Repayments half-yearly.	2. The said payments out of net profits shall be made half-yearly on every _____ day of _____ and _____ day of _____ commencing with the _____ day of _____ next or within thirty days thereafter respectively (c) and shall be made firstly in discharge of all interest aforesaid and then in or towards satisfaction of the principal moneys for the time being due hereunder and remaining unpaid.
An instalment to be advanced each half-year if lender's receipts are of defined extent at least.	3. The sum of £_____ (being the balance of the said sum of £_____) shall be advanced in four equal instalments of £_____ each (d) at the respective times hereinafter mentioned that is to say if and whenever the said E. F. shall for any half-year aforesaid so long as any moneys advanced hereunder shall remain unpaid be entitled to receive out of the said net profits as hereinbefore provided a sum equal to or exceeding _____ per cent. of the entire principal sum advanced and then remaining unpaid and the firm shall have duly performed its obligations hereunder up to the time of accounts being furnished for such half-year as hereinafter provided and shall not nor either member thereof have become bankrupt or committed any act of bankruptcy whether available for adjudication or not the said E. F. shall then forthwith subject to the satisfaction of any moneys due to him on the said accounts advance one of the said instalments (e).
Charge of patent rights (with declaration of trust), but not enforceable while firm performs obligations or works at profit.	4. The said patent rights and all extensions thereof together with the interest of the firm in any patents hereinafter obtained by it in respect of any improvements or additions to the several inventions mentioned in the Schedule hereto or of any new discoveries useful for the manufacture of _____ are hereby charged with the repayment of the said principal moneys and interest and the firm shall hold any patent rights sold by the said E. F. in enforcement of the said charge or any part thereof in trust for the purchaser or purchasers at any such sale but such charge shall not be enforced so long as the firm shall perform or observe its obligations hereunder and work the said patent rights at such a profit at least as will admit of the said E. F. receiving each half-year out of the one-third share of the net profits for that period as aforesaid all interest then due on the principal moneys then already advanced by him and remaining unpaid but in case the firm shall make default in the performance or observance of any obligation here-

When legal mortgage.
Mode of estimation of net profits.

(b) If the firm are to be personally liable a formal legal mortgage instead of this agreement should be executed. In the estimation of net profits for any half-year, and in the absence of an agreement to the contrary, interest on borrowed capital, and *a fortiori* the estimated receipts by the lender as above provided, would not apparently be first deducted from the gross returns. See as to the mode of ascertaining profits when the person entitled is not a partner (e.g. a manager or foreman), *Rishton v. Grissell*, L. R. 5 Eq. 326; *Geddes v. Wallace*, 2 Bligh, 270, cited in Lindley, 790 (4th ed.).

(c) These extra days are mentioned in view of the charge made by Clause 4.

(d) Or unequal instalments.

(e) As to specific performance of agreements to lend or borrow money, see *ante*, pp. 43, 44.

under and (where such default is capable of being made good) shall for ——— days after a notice in writing shall have been served on the firm by the said E. F. requiring it to make good the same omit so to do or in case the said share of net profits for any half-year shall not admit of the receipt by the said E. F. of the full interest thereout as aforesaid then the said E. F. may at any time thereafter notwithstanding any further advances made by him to the firm in the meantime call in the principal moneys advanced and for the time being remaining unpaid hereunder together with all interest thereon aforesaid and in default of payment thereof or any part thereof respectively forthwith may enforce the said charge (f).

PREC. III.

5. The firm shall keep at its usual place of business all proper books &c. [*Clause 9, Agreement I., p. 61, ante*].

Accounts.
Inspection,
&c.

6. [For Clause as to payment of fees, use *Sp. Cl. 37, post, p. 238.*]

Payment of
fees.

7. The firm shall at all times during the continuance hereof defend every proceeding for revocation of any letters patent comprised herein, and protect the same from infringement.

Defence of
patent.

8. Notice of the effect of this agreement shall forthwith be indorsed on the deed of partnership dated &c. of the firm and also on the several letters patent mentioned in the Schedule hereto and signed in each case by the several persons parties thereto (g). IN WITNESS &c. (h).

Notice of this
agreement to
be indorsed
on partner-
ship deed and
patents.

THE SCHEDULE.

(f) A formal legal mortgage could, of course, be executed, comprising the terms of this agreement, except as to the mere charge, and then registered. The object here, however, is to leave the firm quite unfettered in its dealings with the patents before the charge becomes enforceable, and to avoid any exposure of the affairs of the firm, which might result from registration of the mortgage. Notice of the charge is to be indorsed on the patent. (Clause 6.) If the agreement be executed as a deed, then sects. 19 and 20 of the Conveyancing Act, 1881 (*post*), conferring powers of sale, &c., will operate. By sect. 2 (vi.) of that act, "a mortgage" may mean "any charge on any property for securing money." See Wolstenholme and Turner's Conveyancing Acts (4th ed.), notes to sect. 21 of the Conveyancing Act, 1881. A declaration of trust, as above, is recommended. The object is to obtain, if necessary, an order under the Trustee Acts, 1850 and 1852, vesting the legal estate in the purchaser, in case the patentee will not, or cannot, join in the assignment. See note (w) to *Agreement I., ante*, p. 63, to same effect.

(g) The indorsement seems advisable, as the agreement, not being a legal mortgage, will not be registered. See as to registration under the new act and the equitable doctrine of notice, *ante*, pp. 23—25. The notice will prevent licences being granted at premiums, or sales of the patents, without the concurrence of E. F. See as to assignees of patents taking with notice of the claims of a prior assignor to a share of the net profits being bound to account to him for the profits received by them, *Werdermann v. Société Générale d'Electricité*, L. R. 19 Ch. D. 246 (Jessel, M.R., and Lush and Lindley, L.JJ.).

(h) This agreement should be by deed (see note (e), *ante*), but cannot be registered. *Ibid.*, and also pp. 23—25, *ante*.

Agreement to
be by deed.

Stamp duty *ad val.* on the whole sum of £—— must be paid as on a mortgage. See Stamp Act, 1870, tit. MORTGAGE, &c.

Stamp duty.

The lender will be under no liability as a partner. See Partnership Law Amendment Act, *post*, p. 368, Appendix, and *ante*, p. 31.

No liability
of lender as
partner.

For a clause as to service of notices, see *Sp. Cl. 51, post*, p. 242.

Service of
notices.

IV.

PREC. IV. AGREEMENT for SALE of MOIETY of a Patent—PROVISIONAL PROTECTION obtained—Purchase-money in three Instalments payable (1) at date, (2) ON ACCEPTANCE of Complete Specification, (3) on Grant of Patent—CONDITIONS OF WORKING—RESCISSION before Grant in certain events.

Recitals.

Invention and provisional protection.

Agreement for sale of moiety of home patent, &c.

Part of purchase-money now paid.

Complete specification to be prepared.

Further part of purchase-money to be paid after acceptance.

On such payment C. D. to be made co-applicant.

AN AGREEMENT made the ——— day of ——— BETWEEN A. B. of &c. (hereinafter called "the inventor") of the one part and C. D. of &c. of the other part: WHEREAS the inventor has invented certain improvements in &c. [*title of invention*] and has obtained provisional protection within the realm in respect of such invention as from the ——— day of ——— last (a): ~~AND WHEREAS~~ it is agreed that the said C. D. shall for the sum of £—— purchase one half share in the patent and any extension thereof (b) obtainable in respect of the said invention: ~~AND WHEREAS~~ as part of the said purchase-money the said C. D. has immediately before the execution hereof paid the inventor the sum of £—— the receipt whereof is hereby acknowledged (c). ~~NOW IT IS HEREBY AGREED~~ as follows:—

1. The inventor shall forthwith prepare a complete specification of the said invention and with all due speed procure the same to be accepted at the patent office.

2. Within ——— days after written notice of the acceptance of the complete specification (d) shall have been served on him by the inventor the said C. D. shall pay to the inventor the sum of £—— (e) further part of the said purchase-money.

3. On payment of the said sum of £—— the said C. D. shall be entitled to be made an applicant for the patent jointly with the inventor who shall then forthwith obtain the amendment of his application in this respect accordingly (f).

(a) See notes (a), (b), and (c) to *Agreement I.*, above.

(b) As to extensions, see *ante*, p. 19, and *post*, pp. 114, 142.

(c) This should be a small percentage by way of deposit. Until the complete specification is accepted a purchaser would hardly pay a substantial part of the purchase-money. After the acceptance the purchaser pays a more substantial sum, and then should be entitled, as above provided, to be made a co-applicant.

(d) See Patents Rules 25, *post*, p. 338, as to notice of acceptance.

(e) A substantial part of the purchase-money. See note (c).

(f) As to the amendment of the application in this respect, see *ante*, p. 29.

4. All costs and expenses incurred by the said parties on account of any opposition to the grant of the patent shall be borne by the inventor exclusively (g).

5. As soon as the patent shall be granted as aforesaid and duly sealed the said C. D. shall pay the inventor the balance of the said purchase-money.

6. The patent and every extension thereof shall be held and enjoyed by the parties in equal shares as tenants in common subject to the following conditions:—

(a) The fees for renewal shall be the annual ones and together with any fees payable for extension of the times for renewal respectively shall be borne equally by and between the parties and if either party shall at any time or times hereafter make default in or object to continue the payment of the said fees the other party shall be at liberty to pay the same or to continue the payment thereof as for the remainder of the term or any shorter period and may claim from the defaulting or objecting party aforesaid a return of one-half of any payment so made and shall have a charge on his share in the patent and extension (if any) thereof for the sum so returnable together with interest thereon from the time of demand thereof at the rate of 5 per cent. per annum (h).

(b) Each party shall be unrestricted in the working of the patent and grant of licences at royalties and shall not be liable to account for any profits or royalties receivable by him thereby or thereunder but no licence except at royalties shall be granted otherwise than by the parties jointly who shall be entitled to all fines and premiums thereunder in equal shares (i).

(c) The conditions in this clause shall as far as possible apply to any patent obtained by the parties for any improvement addition or discovery hereinafter mentioned (j).

7. If the inventor shall under the present or any new application fail to obtain the acceptance of a complete specification (k) he

Para. IV.

Costs of opposition to grant to be borne by inventor. After sealing of patent balance of purchase-money to be paid.

Conditions of ownership. Renewal fees paid according to shares.

Unrestricted working, &c., except as to licences, at premiums.

Same conditions to apply to patents for improvements, &c. If specification not

(g) Opposition can only arise after the acceptance of the complete specification (sect. 11).

(h) As to the liability of a co-owner for contribution in respect of fees in the absence of any agreement on the subject, see Chapter on "Assignments," *post*, p. 122.

(i) As to the working of a patent and grant of licences by one co-owner alone, see *post*, pp. 118 *et seq.* Condition (b) may be modified by providing for the partition of the patent in some respects (see *Agreement VIII.*, *post*, and sect. 36 of the new act). For a partition deed, see *Assignment XI.*, *post*, p. 165. For further provisions, see *Assignments IV.* and *V.*, *post*.

(j) See Mr. T. Aston's remarks at p. 2 of his work (notes to sect. 4 of the new act) as to the advisability of co-grantees entering into an agreement defining the conditions of ownership as soon as, if not before, the joint patent is obtained.

(k) As to the time for obtaining the acceptance, see p. 14, *ante*, and sects. 8 and 9 of the new act, and sect. 3 of the Amendment Act, 1895 (*Appendix, post*).

PARC. IV.

accepted,
C. D. may
abandon pur-
chase and
claim return
of deposit
with interest.

shall then forthwith give notice in writing to the said C. D. of such failure and the said C. D. may within _____ weeks after the receipt of such notice abandon the said purchase and claim a return forthwith of the said sum of £_____ together with interest thereon at the rate of _____ per cent. per annum from the date hereof until repayment but if the said C. D. shall within the said period omit to give notice in writing to the inventor of his having abandoned the said purchase he shall be deemed to have elected to take the benefit of another application and in that case the said parties shall thereupon forthwith (if not precluded) (l) jointly (but at the expense of the inventor) make and prosecute a new application for the said patent (m).

Improve-
ments, &c. to
be shared
equally in the
terms hereof.

8. Each party shall from time to time after making any improvement in or addition to the said invention or discovery useful &c. [Form 15, ante, p. 52, but at the end saying, "subject to the terms of Clause 6 hereof."]

If patent not
obtained,
moneys to be
returned, sub-
ject to any
claim for
damages.

9. If by reason of opposition to the grant thereof or otherwise the said patent cannot be obtained the said C. D. shall be entitled forthwith (subject to the provisions of Clause 7) to the return of all moneys paid by him as aforesaid but without interest thereon or in default of payment after demand together with interest thereon from the time of demand thereof at the rate of _____ per cent. per annum until repayment but without prejudice to any claim for damages by either party against the other of them on account of any act or default whereby such failure to obtain the patent ensued (n).

Transmission
clause.

10. Except where in any case the context requires a different interpretation the expression "the inventor" or "the said C. D." or other expression referring to either of the said parties where-soever used herein shall extend and be construed to apply also as far as possible to the assigns of the person so designated. IN WITNESS &c. (o).

(l) As to abandoned applications, see note (c) to *Agreement II.*, ante.

(m) The object of the above clause is to ensure care in the preparation of the specification, and also to provide against its non-acceptance, and the delay thus occasioned. If it be omitted, Clause 9 should be slightly altered, by providing for the grant being obtained by a certain date, and omitting reference to the above clause.

(n) There is no implied warranty of title to the invention in an agreement to sell a patent (or share therein). See chapter on "Assignments," post, p. 112.

(o) For a clause as to service of notices, see *Sp. U. 51*, post, p. 242.

V.

AGREEMENT for SALE of Patent after acceptance of Complete Specification—VENDOR TO MANUFACTURE FOR PURCHASER within District—EXCLUSIVE LICENCE for same District—ROYALTIES on Goods sold to strangers—Clauses as to prices, delivery, accounts, and disposition of Goods on determination of Licence. PREF. V.

AN AGREEMENT made the — day of — 18— BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part: WHEREAS the said A. B. as the inventor of a new and improved process &c. [*title*] made his application for letters patent on the — day of — last and obtained the acceptance of a complete specification in respect of the said invention on the — day of — last (*a*): AND WHEREAS the said A. B. has established himself at — aforesaid in the business of &c. and is possessed of divers plant machinery utensils and other effects necessary or suitable and ready for the manufacture of the said —: AND WHEREAS the said C. D. is desirous of purchasing the said invention and the letters patent obtainable in respect thereof and every extension of the said letters patent and the exclusive benefit of all improvements in or additions to the said invention or any new discovery useful for the manufacture of — now (if at all) in the knowledge and possession of or which hereafter may be made by the said A. B. (*b*) and of securing the services of the said A. B. in the manufacture of —.

Recitals.
 Invention.
 Acceptance of complete specification.
 Vendor established in business.
 Desire to purchase patent and for vendor to manufacture for purchaser.

NOW IT IS HEREBY AGREED as follows:—

1. The said A. B. shall sell and the said C. D. shall purchase the said invention patent and rights aforesaid for the sum of £ — of which the sum of £ — has now been paid (the receipt whereof is hereby acknowledged) and the sum of £ — the remainder thereof shall be paid at or immediately before the execution of the assurance hereinafter mentioned.

Sale for sum in three instalments (one now paid).

2. The said C. D. shall be entitled to be made an applicant for the grant of the said patent jointly with the said A. B. who shall at his own expense forthwith procure the amendment of his application in this respect (*c*).

C. D. to be made a co-applicant.

3. All costs and expenses incurred by the said parties on account of any opposition to the grant of the said patent and of obtaining the grant thereof shall be borne exclusively by the said A. B. (*d*).

Costs of opposition to grant borne by A. B.

(*a*) See notes (*a*), (*b*), and (*c*) of *Agreement I.*, *ante*.
 (*b*) As to improvements, &c., being included in a purchase, and modes of providing for the same, see *ante*, pp. 33, 34.
 (*c*) As to such amendment, see *ante*, p. 29.
 (*d*) Or equally between the parties, or otherwise.

PRÆC. V.

Assignment
of patent to
C. D. after
grant.

If patent not
obtained,
deposit to be
returned
without pre-
judice to
claim for
damages (if
any).
Vendor to
manufacture
for purchaser
at fixed prices
for a term.

Good manu-
facture.

Vendor may
manufacture
and sell
goods to
others within
district.

Monthly
accounts, in-
spection, &c.

4. The said patent shall be obtained with all due speed and immediately after the sealing thereof shall at the expense of the said C. D. but subject to the payment of the balance of the said purchase-money be assured together with the exclusive benefit of any extension thereof to the said C. D. by the said A. B. so that the entirety thereof shall become vested in the said C. D. (e).

5. If by reason of opposition to the grant thereof or otherwise the said patent cannot be obtained the said C. D. shall be entitled forthwith to the return of the said sum of £—— without interest or in default of payment &c. [*Clause 9 of last Agreement*].

6. Subject as aforesaid the said A. B. shall for a term of —— years from the date hereof within the borough of —— or other place or places in the said county of —— approved of by the said C. D. manufacture for and supply to the said C. D. or his nominees all such articles aforesaid which can be manufactured according to the said invention as the said C. D. shall from time to time require not exceeding —— in number per calendar month and at prices not exceeding the prices mentioned in the Schedule hereto in respect of the class of articles so supplied and shall manufacture the same in a good and workmanlike manner and execute all such orders with due and necessary dispatch.

7. The said A. B. shall at all times during the said term subject as aforesaid be at liberty within the said borough or other place or places aforesaid to manufacture the said articles in such numbers as he may think fit and within the said county to sell the same to any person or persons other than the said C. D. or his nominees at such prices respectively as shall not be less than —— per cent. over and above the prices for the time being payable by the said C. D. for corresponding articles as aforesaid (f) and so that the said A. B. shall pay to the said C. D. on all such articles when sold by him the royalties mentioned in the schedule hereto according to the class thereof respectively (g).

8. All accounts between the said parties shall be made up and settled at the end of every calendar month the first whereof commencing at the date of the said assurance and accordingly the said A. B. shall keep at the said manufactory or other usual place of

(e) For a precedent of such assurance, see *Assignment VII.*, p. 158, *post*.

(f) This clause will operate as a licence, which, by Clause 10, is to be exclusive for the county, except that it is implied that C. D. himself may also use the invention within the same district. A licence simply expressed to be exclusive excludes the licensor, apparently (*post*, p. 182). See, also, p. 24, *ante*, as to a licence before the grant of a patent.

For contents of a licence, see pp. 191—203, *post*, and pp. 223—25, *post*, and also Chapter on "Licences Generally," and "Precedents of Licences," *post*. The agreement can, of course, be added to by the insertion of other clauses relating to licences.

(g) The royalties become payable as soon as the sale is effected—that is, when the legal title of the purchaser to the articles first accrues. Consequently, the actual payment for the articles is not necessarily an element in the question of sale or no sale. See Benjamin on Sales (Chapter on "Delivery") and Williams's Personal Property (Chapter on "Alienation of Choses in Possession.")

business of his for the time being all proper books of account &c. [Clause 10 of Agreement I., ante, omitting reference to licences and other dealings, substituting "month" for "half-year," and omitting reference to paying expenses of an accountant and the remaining matter.]

PREC. V.

9. All articles so supplied to the said C. D. or his nominees shall if delivered within the said borough (h) be delivered free of expense to him or them but otherwise shall be delivered at his or their expense.

Expenses of delivery of articles.

10. The said C. D. shall not during the said term license within the said county any other person or persons than the said A. B. to manufacture or sell the said articles.

Purchaser not to license other than vendor within the district.

11. The said A. B. shall from time to time after making any improvement in or addition to the said invention &c. [Form 16, ante, p. 52] and every such improvement addition or discovery shall if the said C. D. shall not otherwise direct be applied to the manufacture of the said articles to be supplied to him or his nominees as aforesaid (i).

Improvements, &c.

12. The said A. B. shall not during the continuance of the said patent or any renewal thereof or any other patents for the time being comprised herein (except as hereinbefore provided) manufacture or sell any articles aforesaid or such as shall be similar in character to the said articles or be engaged or concerned in or promote any business or company for the manufacture or sale of any such articles respectively or do any act or thing calculated to depreciate the value to the said C. D. of the said invention.

Vendor not to be concerned in trade in similar articles.

13. The said C. D. shall be at liberty to determine the agreement and licence aforesaid relating to the manufacture supply and sale of the said articles on the said A. B. wilfully neglecting or refusing or for the space of one calendar month becoming unable from any cause whatever to execute any order aforesaid or otherwise making default in the performance or observance of any of his obligations hereunder or on the said A. B. becoming bankrupt or committing any act of bankruptcy whether available for adjudication or not.

Determination of agreement to employ vendor on default in supplying goods or bankruptcy.

14. In the event of the said agreement and licence as to the manufacture supply and sale of articles becoming determined by effluxion of time or any other event the said C. D. shall be at liberty so long as the same shall remain unsold by the said A. B. to call for the supply to him or his nominees at the said prices respectively mentioned in the Schedule hereto of all articles (if any) manufactured as aforesaid or any of them then in the possession and ownership of the said A. B. and not subject to any previous orders of the said C. D. or at the option of the said C. D. as to any such articles to claim royalties thereon payable on demand of

Disposition of goods in hand on determination of agreement and licence.

(h) Or the limits within which A. B. will send his own carriers. In the absence of agreement in this respect, a vendor is not obliged to send the goods. (Benjamin on Sales (3rd ed.), p. 670.)

(i) As to improvements, &c., being comprised in a purchase, see ante, pp. 33, 34.

PREC. V. the respective amounts mentioned in the Schedule hereto less _____ per cent. in lieu of any royalties on the sale thereof respectively. Provided always that subject as above mentioned the said A. B. shall be at liberty at any time or times after the determination of such agreement and licence to sell any such articles last aforesaid at any prices respectively whatever but shall immediately after any such sale pay to the said C. D. royalties thereon of the respective amounts mentioned in the said Schedule and that after such determination the said A. B. shall give the said C. D. every facility at all reasonable times to ascertain the number and class of such articles and the transactions of the said A. B. in regard thereto respectively.

Transmission
clause.

15. [*Transmission Clause as in last Precedent.*]

IN WITNESS, &c. (*j*).

THE SCHEDULE.

(*j*) In respect of the licence, this agreement should be executed as a deed, see *ante*, pp. 16, 24.

This agreement should be registered, *quâ* the licence, after the assignment has been registered. As to registration, see *ante*, pp. 23—25.

For a clause as to service of notices, see *Sp. Cl.* 51; *post*, p. 242.

VI.

AGREEMENT for SALE of FOREIGN and COLONIAL Patents (in course of being obtained)—Special Clause enabling Purchaser to retire from any Purchase. PREC. VI.

AN AGREEMENT made &c. BETWEEN A. B. of &c. (hereinafter called "the vendor") of the one part and C. D. of &c. (hereinafter called "the purchaser") of the other part [*recite the invention and that provisional protection has been obtained at home, as in Agreement IV. ante (a)*]: AND WHEREAS the vendor has lately made or is about to make application for patent or other similar privileges (hereinafter called "patents") for the colonies and foreign countries mentioned in the Schedule hereto in respect of the said invention: AND WHEREAS the vendor has agreed with the purchaser (by separate contract as to each patent (b)) to sell to him the said patents at the respective prices mentioned in the said Schedule: AND WHEREAS the purchaser has immediately before the execution hereof paid to the vendor the sum of £—— (apportioned between the said patents as in the said Schedule mentioned) part of the said purchase-money the receipt whereof is hereby acknowledged. NOW IT IS HEREBY AGREED as follows:—

1. The vendor shall at his own expense forthwith commence or continue and with all due speed take and prosecute the necessary steps and proceedings for obtaining the said several patents. Recitals.
Applications pending for colonial and foreign patents.
Separate contracts to sell same to C. D.
Payment of deposit.
2. The balance of the purchase-money for any patent shall be payable by instalments in the amounts and at the times respectively in the Schedule hereto mentioned and any instalment not paid at or before the time appointed for payment shall thenceforth bear interest at the rate of —— per cent. per annum until actual payment thereof. Vendor to continue proceedings.
Balance of purchase-moneys payable in instalments, as per Schedule.
3. The purchaser may at any time not later than —— weeks before the time fixed in the Schedule for the completion of the purchase of any patent retire therefrom by then serving the vendor Retirement by purchaser from any purchase on re-

(a) Except (if time admits) as to countries which are members of the International Union (*ante*, p. 36), a provisional, not a complete, specification should only be furnished, because publication first takes place on the acceptance of the complete specification (sect. 10 of the Act of 1883, Appendix, *post*, p. 310), which would be a bar in many colonies and foreign countries to the obtaining patents there. See the Articles of the International Convention, in the Appendix, *post*, p. 365.

(b) An entire contract cannot be apportioned (see *ante*, p. 46). The contracts are here to be supposed to be verbal ones, as, if in writing, they should either be fully recited here or be sufficient without the necessity of this agreement.

- PREC. VI.** with a written notice for that purpose whereby also the purchaser shall offer to relinquish all claim to any moneys paid by him in respect of the said purchase and also to pay on demand any moneys then already due in the like respect and remaining unpaid.
- Relinquishment of moneys paid, &c.** 4. The purchase of each patent shall be completed at the time and place in respect thereof mentioned in the Schedule (c).
- Purchases completed at times and places as per Schedule.** 5. If the vendor shall unreasonably make delay in or discontinue the proceedings in respect of his application for any patent and shall for more than _____ days after he shall have been requested in writing by the purchaser to continue the same omit so to do the purchaser may at any time thereafter before the vendor shall (if at all) continue such proceedings either retire from the purchase of that patent and shall then accordingly be entitled to a return of all moneys (if any) paid by him in respect of such purchase together with interest thereon respectively (as for money lent) at the rate of _____ per cent. per annum from the times of payment until the repayment thereof respectively or if time will so admit may at the expense of the vendor and by means of a power of attorney or other (if any) necessary powers given by him (who shall accordingly confer the same) himself continue or cause to be continued the said application and all proceedings consequent thereon until the said patent shall be granted and vested in the purchaser and all moneys (if any) paid by the purchaser in the due and proper exercise of any such powers shall be repaid by the vendor on demand together with interest thereon respectively at the rate last aforesaid from the time of payment until the repayment thereof respectively notwithstanding that from any cause not attributable to the purchaser the patent shall not finally be obtained.
- If vendor discontinue, purchaser may claim return of moneys and interest.**
- Or, with necessary powers, himself continue proceedings.**
- Expenses of purchaser repaid with interest.**
- If any patent unobtained through defect in title, moneys returned without interest, &c.** 6. If through any cause attributable to the state of the title to the invention in any country aforesaid the patent in respect thereof cannot be obtained the purchaser shall be entitled on demand to a return of all moneys paid by him for the purchase of such patent but without any interest thereon or (subject as in the last clause provided) any claim for damages or compensation on account of the failure to obtain the patent.
- Service of notices.** 7. [For a clause as to service of notices, use *Sp. Cl. 51, post, p. 242.*]
- IN WITNESS, &c. (d).**

THE SCHEDULE.

(c) This can, of course, only be finally effected in each country itself, and according to the laws thereof.

(d) As to the specific performance of agreements to sell patents, see *ante*, pp. 42, 43.

VII.

AGREEMENT for SALE of Patents to a TRUSTEE for a LIMITED PREC. VII.
JOINT STOCK COMPANY (in course of formation)—Purchase-
money in Cash and Shares (a).

AN AGREEMENT made &c. BETWEEN A. B. of &c. (hereinafter called "the vendor") of the one part and C. D. of &c. as trustee for the company (hereinafter mentioned and called "the company") now in course of formation of the other part: WHEREAS the vendor is entitled under an assignment dated &c. and made &c. to the invention and patent in respect thereof mentioned in the Schedule hereto: AND WHEREAS the vendor has agreed with the said C. D. as such trustee for the sale to the company at the price of £—— of the said patent and all extensions thereof and the exclusive benefit of all improvements in or additions to the said invention or any new discovery relating to the manufacture of —— now (if at all) in the knowledge and possession of or which hereafter may be made by him (b); AND WHEREAS the company is about to be formed under the Companies Acts 1862 to 1886 with the name of The —— Company Limited having the object (amongst others) of acquiring the said patent: AND WHEREAS the memorandum and articles of association of the company have with the privity of the vendor been already prepared: AND WHEREAS the nominal capital of the company is provided to be £—— divided into 15,000 shares of £—— each (c). NOW IT IS HEREBY AGREED as follows:—

1. The vendor shall sell and the company shall purchase at the

Recitals.

Vendor entitled by assignment to patent.

Agreement to sell to company for £—— the patent and an equal interest in any improvements.

Company to be formed to purchase patent.

Memorandum and articles already prepared.

Capital and shares.

Sale for £——.

(a) This precedent is intended to answer the double purpose of an ordinary agreement for sale to an individual of a patent already obtained, and of dealing with the case of an inchoate company as the purchaser. For more elaborate or other forms of purchases by companies, see Mr. F. B. Palmer's work on Company Precedents (3rd ed.), 1884.

(b) As to improvements, &c., see *ante*, pp. 33, 34.

(c) See Palmer's Company Precedents (pp. 1—6) as to the three different kinds of contracts for the purchase of property by a company formed for the purpose. The above agreement is according to the first plan, and involves the adoption of it by the company when formed. This will be done by an agreement between the vendor, the trustee, and the company (see Forms 12 and 13 in Palmer, pp. 30, 31), which is intended for indorsement on the original contract, with or without modifications thereof. The two other kinds of contracts are expressed to be made with the company itself, and not a trustee. The memorandum usually states it to be one of the objects of the company to acquire the property in question, and the articles generally contain a clause empowering the directors to put the seal of the company to the contract as

PREC. VII. price of £—— the invention and patent mentioned in the Schedule hereto and the sole and exclusive benefit of the said patent and all extensions thereof (*d*) and the like benefit of all improvements additions or new discoveries aforesaid.

Purchase-money in cash and shares. 2. The said purchase-money of £—— shall be satisfied by the payment of £—— in cash and the allotment to the vendor or his nominees of —— shares in the company numbered —— to —— both inclusive which shall be deemed for all purposes to be fully paid up (*e*).

Day fixed for completion and interest payable if purchase not then completed. 3. The purchase of the said patent shall be completed on the —— day of —— next at No. —— &c. the offices of Messieurs E. F. & Co. the solicitors of the vendor or if from any cause the same shall not be then completed the company shall pay interest on the said sum of £—— at the rate of —— per cent. per annum from that day until the completion thereof.

Improvements, &c. to be assigned, instruction given, &c. 4. The vendor shall from time to time after making any improvement in or addition to the said invention &c. [*Form 16, ante, p. 52 (f).*]

When agreement adopted by company, C. D. to be discharged from liability. 5. The adoption of this agreement by the company shall operate to discharge the said C. D. from all liability in respect thereof (*g*).

drawn, with or without modifications. Such a clause does not, however, bind the directors, or release them from the obligation of ensuring that the contract is for the company's benefit (Palmer, p. 2). A company cannot ratify a contract made on its behalf as above, although by acting on it it might become bound on equitable principles (*Empress Engineering Co.*, L. R. 16 Ch. D. 125; and *Pritchard's Case, In re Tavarone Mining Co.*, L. R. 8 Ch. 960).

(*d*) See sect. 25 of the new act, and p. 19, *ante*, as to extensions. An assign can petition, as the term "patentee" means "the person for the time being entitled to the benefit of a patent" (sect. 46).

(*e*) By sect. 25 of the Companies Act, 1867 (30 & 31 Vict. c. 131), every share in any company shall be deemed to have been issued, and to be held, subject to the payment of the whole amount thereof in cash, unless the same shall have been otherwise determined by a contract duly made in writing, and filed with the registrar of joint stock companies, at or before the issue of such shares. A special short agreement, so far as relates to the issue of shares as fully paid up, is sometimes filed for this purpose, instead of the contract. Such a proceeding avoids the disclosure to the public of all the transactions mentioned in the contract. See introductory notes to Palmer's Company Precedents. As to the object and effect of the section, see notes thereto in Buckley on Companies, p. 492 (4th ed.), 1883.

(*f*) See pp. 33, 34, *ante*, as to improvements, &c.

A clause might follow the above one as to the vendor not engaging in the manufacture or sale of similar articles. See Form 17, *ante*, p. 53.

(*g*) The liability of C. D. so far, until the company adopts the agreements, is to pay for the patents himself at the total fixed price in cash. See *Kelner v. Baxter* (L. R. 2 C. P. 174), which was a case of an open contract by persons on behalf of an unformed company to buy goods for cash. The company was formed, and the goods handed over and consumed in its business, but they were not paid for. The company collapsed without making the payment, and it was held that no ratification by the company could relieve the persons from liability without the assent of the vendors. See, also, *Scott v. Lord Ebury* (L. R. 2 C. P. 255), where, in the case of an advance being made to promoters of a company to be repaid out of the calls on shares, it was held that on the collapse of the company without payment, and notwithstanding its adoption of the contract, the promoters were personally liable. Clause 5, above, is therefore essential to the discharge of C. D. Further, the next two

6. Either party hereto may in writing rescind this agreement unless before the _____ day of _____ next _____ shares at least of the company shall have been duly subscribed for and £_____ per share at least paid by the subscribers thereon.

7. If this agreement shall not be adopted by the company before the _____ day of _____ next (*h*) either party may by writing rescind the same.

8. This or some other agreement binding the company to allot the said shares to the vendor shall before the allotment thereof be filed by the company with the Registrar of Joint Stock Companies (*i*).

IN WITNESS, &c. (*j*).

THE SCHEDULE.

clauses provide for rescission by either party. It seems impossible, however, to contend that C. D. would be liable at all under the above form of agreement as it stands, except in the case of his refusal to assent to the assignment to the company. This exception will apparently prevent the above agreement from being treated as a contract in which one of the parties shall not be personally liable. Such a stipulation, if expressed at least in the contract, would be void, as being repugnant to the nature of a contract. See Palmer (Introductory Notes) on the subject generally, and the cases of *Furnivall v. Coombes* (5 Manning & Gr. 736), and *Williams v. Hathaway* (L. R. 6 Ch. D. 544), therein cited as to such a stipulation being void.

(*h*) Some day prior to the day of completion fixed by Clause 3.

(*i*) See note (*e*), *ante*.

(*j*) For a clause as to service of notices, see Clause 19 of *Licence X.*, *post*, p. 282, and *Sp. Cl.* 51, *post*, p. 242.

PREC. VII.

Rescission by either party if minimum number of shares not subscribed within certain time.

Rescission also, if agreement not adopted by company by certain date.

Agreement to be filed before issue of shares.

VIII.

PREC. VIII. AN AGREEMENT *between* JOINT APPLICANTS *for a Patent,*
defining their respective interests and powers on working SEPA-
 RATELY (a).

AN AGREEMENT made &c. BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part: WHEREAS the said parties on the ——— day of ——— last jointly applied for letters patent for the United Kingdom and the Isle of Man in respect of an invention for &c.: AND WHEREAS the complete specification of the invention was accepted on the ——— day of ——— last: AND WHEREAS the said parties are desirous of defining the terms and conditions under which they respectively shall use work and vend the said invention and letters patent. NOW IT IS HEREBY AGREED as follows:—

Recitals.

Joint appli-
cation.

Acceptance of
complete
specification.

Desire to
define the
respective
interests.

Exclusive use
for certain
districts to
one or the
other party.

Except as
aforesaid,
each may
work for any
district, and
grant licences
at royalties

1. The said A. B. shall henceforth be entitled to use work and vend the said invention and assign grant licences in respect of and otherwise deal with the said patent for the residue of the term to be comprised therein and any extension thereof to the exclusion of the said C. D. for the districts or places mentioned in the first schedule hereto as effectually in all respects as if he were the absolute owner of the said patent for such districts or places and the said C. D. shall henceforth be entitled to similar rights for the like period or periods to the exclusion of the said A. B. in and for the districts or places mentioned in the second schedule hereto (b).

2. Except as aforesaid each party shall be at liberty to work the said patent and grant licences in respect thereof for his own exclusive benefit for any district or districts or place or places within the United Kingdom or Isle of Man at any annual royalties he may think proper without the consent or concurrence of the

(a) See *Assignments III. to VI., post*, pp. 142—154, as to more elaborate provisions.

(b) This will be an exclusive licence at least for the districts or places in each case. See *ante*, p. 24, as to licences granted before the patent is granted. As to whether such a licence can be an assignment *quære*, and see p. 24, *ante*. The agreement might provide that instead of the above clause there should be a formal partition made after the grant of the patent in the terms of the above clause, or otherwise, and that until such formal partition should be effected the parties respectively should use the invention for the particular districts or places, in all respects, as nearly as might be as if the partition were effected. As to the form of a deed of partition of patent rights, see *Assignment XI., post*, p. 165. As to the effect of partition, see *post*, p. 117 (Chapter on "Assignments").

other party and shall not be liable to account for any profits or royalties received by him thereby or thereunder but shall not grant any such licences at fines or premiums unless with such consent or concurrence and all fines premiums or other moneys (except royalties) payable under any such licences shall be divided equally between the said parties (c). PRINC. VIII.
without
accounting.
Licences at
premiums to
be granted
jointly.

3. The fees for the continuance or renewal of the patent shall be the annual ones and together with any fees payable for extension of the times of renewal respectively shall be borne equally between &c. [*Clause 6 (a), Agreement IV., ante.*] Fees, how
payable.

4. This agreement shall as far as possible also apply to any patent obtained by the parties for any improvement addition or discovery hereinafter mentioned. Agreement to
apply to any
improve-
ments, &c.

5. Each party shall from time to time after making any improvement in &c. [*Form 15, ante, p. 52 "subject to the terms of Clause 4 hereof."*] Improve-
ments, &c. to
be shared
equally in
terms hereof.

6. Except where in any case the context requires a different interpretation &c. [*Transmission Clause as in Agreement IV., ante, p. 72*] (d). Transmission
clause.

IN WITNESS, &c.

FIRST SCHEDULE.

SECOND SCHEDULE.

(c) Licences at fines or premiums will be granted by the co-owners jointly, and the payments made accordingly, so that there seems no need for providing for accounts between them.

(d) As to further provisions than the above for the working of a patent by co-owners separately, see *Assignments III. to V., post.*

As the agreement may be taken to be a final, and not an executory, instrument, it should be executed as a deed. If by deed, it should also be registered after the sealing of the patent, as conferring legal rights (by way of licence, at least, if not assignment). See *ante*, pp. 23, 24, as to what documents may be registered.

IX.

PART. IX. **AGREEMENT to grant EXCLUSIVE LICENCE for District—Condition Precedent to purchase EXPECTED CARGO of RAW MATERIAL from Foreign Island for manufacture of Patent commodity—CONTENTS OF LICENCE as in Schedule, including provisions for FURTHER PURCHASES of Raw Material—ANALYSIS by CHEMISTS—Determination of Agreement in certain events (a).**

Recitals.
Grant of
patent and
devolution.
Concession to
A. B. to
search for,
&c. raw ma-
terial from
foreign
island.

Raw material
suitable for
the invention.
C. D. in
business.
C. D.'s desire
to obtain
licence for
certain coun-
ties.

Cargo of raw
material in
course of
shipment to
A. B.
Payment of
£—— as
consideration
for this agree-
ment.

AN AGREEMENT made &c. BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part: WHEREAS by letters patent &c. [*Grant of patent*, pp. 49, 50, *ante*, and *devolution (if any) of title*]: AND WHEREAS by an instrument in writing or *acte d'autorité* dated &c. under the seals of —— &c. (hereinafter called "the said concession") the said A. B. has obtained from the government of —— the sole and free right and liberty to search dig for obtain and take away in and from the Island of —— in the —— Sea within the limits therein mentioned all kinds of &c. [*name of raw material*] subject to such royalties or duties as therein mentioned for the term of seven years from the —— day of —— determinable and renewable as therein provided: AND WHEREAS the said [*raw material*] is the principal ingredient for the manufacture of &c. [*the patent material*] and usually contains a considerable proportion of —— acid: AND WHEREAS the said C. D. is established at —— aforesaid as a manufacturer of chemicals of various kinds: AND WHEREAS the said C. D. is willing to take a sole and exclusive licence from the said A. B. to manufacture chemicals according to the said invention and to sell the same (*b*) within the counties of —— &c. &c. and the said A. B. is willing to grant the same upon the terms hereinafter appearing: AND WHEREAS the said A. B. has been advised by his agents at the said Island that a quantity of the said [*raw material*] not exceeding probably —— tons is being shipped by the vessel Neptune for delivery to the said A. B. and may be expected to arrive in the Thames about the end of —— next: AND WHEREAS it was one of the said terms that the said C. D. should pay to the said A. B. the sum of £—— which sum has already been paid and the

(a) The licence founded on this agreement is *Licence IV.*, *post*, p. 254.

(b) A licence to "manufacture" patent articles within a district includes the right to sell the same within the district, and the sale thereof carries with it the right to use the articles in any part of the whole area covered by the patent, unless the patent provides otherwise. See *post*, p. 117, n.

receipt whereof is hereby acknowledged. NOW IT IS HEREBY AGREED as follows:—

PARC. IX.

1. The said licence shall be granted as from the date on which the said C. D. shall have completed the purchase of the said cargo now in course of shipment as aforesaid as hereinafter provided and shall be for the residue of the term of fourteen years comprised in the said patent and any extension thereof.

Licence to be granted after purchase of cargo by C. D.

2. The prices to be paid by the said C. D. for the different qualities of material comprising the said cargo shall be paid in cash after the said cargo shall have been analysed as hereinafter provided and delivered to the said C. D. free ex ship in the River Thames and shall be as follows namely for such quantity thereof as after analysis aforesaid shall be found to contain not less than ——— per cent. of ——— acid the price of £——— per ton and for such quantity as shall be found as aforesaid to contain less than ——— per cent. and not less than ——— per cent. of ——— acid a price per ton less than the said sum of £——— in the proportion thereto which such lesser percentage of ——— acid shall bear to the ——— percentage thereof and any quantity of the said cargo found as aforesaid to contain less than ——— per cent. of ——— acid may be refused by the said C. D.

Prices in cash according to amount of ——— acid found by analysis in the kinds of material.

3. Any difference between the parties as to the percentage of ——— acid in the different quantities of material aforesaid comprising such cargo shall be referred to the arbitration of some competent and well-known chemist in Great Britain or of two such chemists one to be appointed by each party hereto and Clause 8 hereof shall with the necessary modifications be applicable to any such reference.

Analysis by chemists.

4. The said licence shall contain covenants and provisions to the effect of those mentioned in the schedule hereto (c) and (together with a counterpart thereof which shall be duly executed and delivered by the said C. D.) shall be prepared by the solicitors of the said A. B. and all expenses attending the preparation and execution of this agreement and of the said licence and counterpart shall be borne by the parties equally.

Terms of licence as in schedule.

5. If from any cause whatever the said or any similar cargo from the said Island shall not be delivered subject to analysis aforesaid at or before the ——— day of ——— next or such analysis shall disclose that not more than ——— tons thereof shall be suitable for purchase as aforesaid the said C. D. may refuse to purchase the same or any part thereof or accept the said licence and such refusal shall operate to determine this agreement as from the said ——— day of ——— next and in that case the said C. D. shall have no claim against the said A. B. in respect of the payment of the said sum of £——— or for damages or compensation in respect of such non-delivery or otherwise and if the said letters patent shall from any cause whatever before the grant of the said licence become wholly or partially and substantially void and be incapable

Agreement may be determined by C. D. in certain events.

(c) Or state that the said licence shall be in the form set out in the schedule hereto. For this form, see *Licence IV.*, *post*, p. 254.

PREC. X.

C. D. to establish himself in business of selling the articles.

Licence to be granted when C. D. ready to commence business and paid for first supply.

After A. B. has obtained British patent &c. he shall supply C. D. with a certain number of articles at prices in schedule.

Duration of licence—and contents as in schedule.

Agreement to be determined in certain events.

2. Within ——— calendar months from the date hereof the said C. D. shall establish himself in the metropolis of London in the business of selling the said articles.

3. As soon as the British patent shall be obtained and vested in the said A. B. as aforesaid and the said A. B. or any person or persons deputed by him for this purpose shall be satisfied that the said C. D. is in a position to commence the said business and on payment by him to the said A. B. of the purchase-money for the first quantity of articles to be supplied to him as hereinafter provided the said A. B. shall execute a licence to the said C. D. in the terms hereinafter mentioned.

4. As soon as the British patent shall be vested in the said C. D. and he shall be satisfied that the said C. D. is in a position to commence the said business he shall supply the said C. D. with 500 of the said articles in equal quantities according to the five classes thereof and any further quantity not exceeding 1000 in number of all or any classes or class thereof as the said C. D. shall require and all such articles shall be paid for in cash at the respective prices mentioned in the first part of the schedule hereto.

5. The said licence shall be granted for the residue of the term to be comprised in the British patent and any extension thereof (c) and shall contain covenants or provisions to the effect of those mentioned in the second part of the schedule hereto (d) and &c. [As in *Clause 4 of last Precedent*].

6. This agreement shall determine if the British patent shall from any cause not attributable to the neglect or default of the said C. D. to obtain the same not be obtained at all or if the said C. D. shall become bankrupt or commit any act of bankruptcy whether available for adjudication or not or if the said A. B. shall omit or refuse to supply the said articles as mentioned in *Clause 4* or to grant the said licence but the party determining this agreement for any cause aforesaid shall give the other ——— weeks' previous notice in writing for the purpose and any determination of this agreement shall be without prejudice to any cause of action which may have then already accrued to either party hereunder.

IN WITNESS, &c. (e).

THE SCHEDULE.

First Part.

[Price of Articles.]

Second Part.

[Provisions in Licence.]

(c) As to applications for extensions, see *ante*, p. 19, and sect. 25 of the new act, *post*, p. 314.

(d) Or state that the licence shall be in the form set out in the second part of the schedule hereto. For such a form use *Licence V.*, *post*, p. 259.

(e) This agreement had better be under seal, in order to operate as a full licence, if necessary. (See note (b), *ante*.)

For clause as to service of notices, see *Sp. Cl.* 51, *post*, p. 242.

XI.

AN AGREEMENT *for SALE on the HIRE SYSTEM of a Patent* PREC. XI.
(EXCLUSIVE LICENCE until ASSIGNMENT)—*Payment of ANNUAL SUMS—No ROYALTIES (a).*

AN AGREEMENT made &c. BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part: WHEREAS the said A. B. claims to be entitled to the patent mentioned together with the invention comprised therein in the schedule hereto (b): AND WHEREAS the said C. D. is desirous of purchasing the said invention and patent and the exclusive benefit of all improvements or additions to the said invention or any new discovery useful for the manufacture of ——— now (if at all) in the knowledge and possession of or which may hereafter be made by the said A. B. for the sum of £—— and until payment of the whole of such sum of obtaining a sole and exclusive licence in respect of the said invention patent and other premises aforesaid upon the terms hereinafter appearing. NOW IT IS HEREBY AGREED AND DECLARED as follows:—

1. In consideration of the sum of £A (c) now paid by the said C. D. to the said A. B. (the receipt whereof is hereby acknowledged) and of the payments respectively of the four annual sums of £B £C £D and £E as hereinafter provided (which sums together with the said sum of £A make up the said sum of £——) the said C. D. shall be entitled from the date hereof to the sole and exclusive licence to use work and vend the invention and patent mentioned in the schedule hereto for the period or successive periods hereinafter mentioned and subject thereto and otherwise as hereinafter provided to an assignment of the same absolutely.

Exclusive licence to time of completion in consideration of payment of first instalment and of agreement to pay the others.

2. The said C. D. shall pay to the said A. B. the said sums of £B £C £D and £E respectively at the following dates namely the sum of £B on the ——— day of ——— 18—(d) the sum of £C on the ——— day of ——— 18— the sum of

Annual payments, when to be made.

(a) See observations on this kind of agreement, *ante*, pp. 37—39. The arrangement might, however, be carried out by means of an instrument more in the form of a licence. See *Licence VII.*, *post*, p. 266, where the sale is to be for a district only. As to a sale in consideration of royalties being paid up to a certain amount, see next Precedent.

(b) As to this recital, see *post*, p. 112.

(c) This sum is to be the smallest of the instalments.

(d) The four dates above mentioned are to be at the end of the first, second, third, and fourth years respectively from the date of the agreement.

PARC. XI. £n on the — day of — 18— and the sum of £x on the — day of — 18—. And in case any sum aforesaid or part thereof shall become in arrear for one calendar month (whether demanded or not) shall also pay to the said A. B. interest on such sum or part thereof in arrear at the rate of five per cent. per annum from the day herein appointed for payment until the actual time of payment thereof.

Clauses
3—7.

[For Clauses 3—7 as to non-assignment &c. without consent, not disputing the validity of the patent, detecting and giving notice of infringements, payment of fees, &c., and defence of patent, &c., use *Licence III.*, post, p. 250.] (e).

Improve-
ments, addi-
tions, &c. to
be comprised
herein.

8. The said C. D. shall be entitled during the continuance of the said licence to the sole and exclusive right to every improvement in or addition to the said invention and to every new discovery useful for the manufacture of — which now are (if at all) in the knowledge and possession of or which hereafter may be made by the said A. B. [either solely or in conjunction with any other person or persons but in the latter case subject to his or their rights therein respectively] as if every such improvement addition or discovery were part of the said invention but shall not be at liberty during the same period unless at his own expense (to the extent however of £— at most) to require any patent to be taken out in respect thereof (f) and further the said C. D. shall if he shall become entitled to an assignment of the said invention and patent as hereinafter provided be also entitled subject to [the rights (if any) of any such person or persons and to] the payment by him to the said A. B. of the sum of £— (g) less the amount of any expenses then already paid by the said C. D. in respect of the grant of any patent taken out as aforesaid to an assignment at his own expense of the exclusive benefit of any such improvement addition or discovery and of the patent (if any) granted in respect thereof and to require the said A. B. free of expense to the said C. D. except as aforesaid to take out or join with the said C. D. [and all other necessary parties (if any)] in taking out any such patent if the same shall not be then already granted. PROVIDED ALWAYS that the said A. B. shall give notice in writing to the said C. D. of any such improvement invention or

(e) See contents of *Licence VII.*, post, p. 266. In the above list, covenants as to the use of the patent mark, the non-amendment of the specification, the non-subsistence of other licences, and the non-user by A. B. of the invention, are omitted for the sake of brevity, and as being more easily dispensed with than the others.

(f) As C. D. may not become entitled to an assignment of the existing patent, he can hardly require a patent to be taken out at the expense of A. B. for any improvement, &c., but will be entitled to the use of the latter during the licence.

(g) See *ante*, p. 34, as to the want of inducement of a vendor to make new inventions for the benefit of a purchaser, and the importance of including future improvements, &c., in a contract for the purchase of an existing patent.

discovery immediately after the same shall be made by the said A. B. [as aforesaid] and shall at the expense of the said C. D. as to costs out of pocket (if any) occasioned thereby communicate and explain the same to the said C. D. as shall be reasonably required by him. PROVIDED ALSO that if the said C. D. shall for ——— weeks after the receipt of any such notice omit to require the said A. B. to make any such communication and explanation (if not then already made) or shall for ——— weeks after the same shall be made omit to give the said A. B. notice in writing of his intention to obtain the benefit of any such improvement addition or discovery and any patent in respect thereof according to the terms aforesaid or if the said C. D. after having become entitled to the assignment of the said invention and patent as hereinafter provided and also to the benefit of any such improvement addition or discovery and any patent in respect thereof as aforesaid shall for the space of ——— days after notice in writing shall have been served on him by the said A. B. requiring him so to do make default in payment of the said sum of £—— the said A. B. shall be at liberty at any time thereafter to cancel the agreement aforesaid to assign the benefit of such improvement addition or discovery and any patent in respect thereof.

PART. XI.

9. As soon as all the said sums of £b £c £d and £e and interest (if any) shall have been paid the said C. D. shall be entitled at his own expense to an assignment of the said invention and patent (h) absolutely and such assignment shall contain covenants by the said A. B. as to his title to the patent as beneficial owner and also a covenant by him limited to his own acts and defaults as to the validity thereof which covenants respectively are also to be implied herein and to operate as from the date hereof (i) and also a covenant and provisoes in the terms of the last clause as to any improvements additions or new discoveries aforesaid then already or thereafter to be made by the said A. B. or in such of the said terms as may be unperformed at the date of such assignment so far as they shall be applicable thereto (j).

On payment of all moneys the purchaser is to be entitled to an assignment.

10. If the said patent shall from any cause become wholly or as to some material part of the said invention void the unpaid balance not then already due of the said purchase-money, &c. [Use Clause 2 of Licence VII., post, p. 268, writing "agreement" for "licence," and "yearly day" instead of "half-yearly day."]

Payments to cease or (pending appeal) be suspended if patent void, but final cesser to be in satisfaction of damages. Power of C. D. to

11. The said C. D. may determine this agreement by serving the said A. B. with three calendar months' notice in writing for this purpose expiring on or at any time before the said ——— day

(h) The assignment of these existing patents for improvements, &c., is provided for by the last clause.

(i) As to these covenants in assignments, see post, p. 114 (Chapter on "Assignments").

(j) Except as affording evidence of the payment of the purchase-money, and as to the covenants therein, such an assignment will not be absolutely necessary, if the agreement be by deed. See *Cartwright v. Amatt*, 2 Bos. & Pull. 43, cited in Chapter on "Assignments," post, p. 111. As to licences amounting to assignments, see Chapter on "Licences," post, p. 183.

- PREC. XI.** of ——— 18— (*k*) and paying to him at or before the time fixed for such determination all moneys (if any) then already due hereunder but such determination shall be without prejudice to any right of action by either party then already accrued hereunder (*l*).
- determine by notice before last instalment but one due.
Vendor may rescind if default in payment of any instalment.
12. Provided always that if the said C. D. shall make default for two calendar months in payment of any one of the said annual sums of £B £c or £D or any part thereof or for three calendar months in payment of the said sum of £E or any part thereof whether any such sum or part shall be demanded or not then the said A. B. may at any time after such default by notice in writing served on the said C. D. rescind this agreement without prejudice to the recovery of any moneys then already due to him in respect of the said sums of £B £c or £D (*m*) or any interest thereon as aforesaid respectively or to any right of action then already accrued to either party hereunder other than in respect of the said sum of £E.
- Production &c. of patents.
13. An acknowledgment and undertaking by the said A. B. under sect. 9 of the Conveyancing and Law of Property Act 1881 (*n*) shall as to every patent for the time being comprised herein until an assignment shall be made thereof as aforesaid be implied herein.
- Transmission clause.
14. [*Transmission Clause, Form 25, ante, p. 56*] (*o*).
IN WITNESS, &c. (*p*).

THE SCHEDULE.

(*k*) The day fixed for the payment of the last instalment but one, namely, £D. This is, of course, a matter of arrangement.

(*l*) There will be no apportionment of any annual sum on determination, as such sums are not in the nature of *income*. The Apportionment Act, 1870 (33 & 34 Vict. c. 35), sect. 1, only applies to periodical payments in the nature of income.

(*m*) But not, of course, the sum of £E. Instead of rescinding, the vendor can sue for specific performance.

(*n*) See *post*, p. 373, Appendix.

(*o*) A licence is not assignable unless its terms so permit. (*Post*, p. 184.) The present agreement being one for ultimate purchase, on which part of the purchase-money is expressed to be paid at once, will probably, however, be held transmissible, without the insertion of a transmission clause.

(*p*) The agreement should be under seal in respect of the licence, and for the purpose of being notified on the register. See *post*, p. 184, as to the sealing, and *ante*, p. 23, as to registration.

For a clause as to service of notices, see *Sp. Cl.* 51, *post*, p. 242.

XII.

AN AGREEMENT for SALE ON THE HIRE SYSTEM of a Patent PREC. XII.
(varying last Precedent)—EXCLUSIVE LICENCE until Assign-
ment—Premium—ROYALTIES half-yearly until total fixed
MINIMUM paid (a).

AN AGREEMENT made &c. BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part: WHEREAS the said A. B. claims to be entitled to the patent mentioned together with the invention comprised therein in the first schedule hereto: AND WHEREAS the said C. D. is desirous of purchasing the said invention and patent and all improvements or additions to the said invention or other discoveries useful for the manufacture of ——— now (if at all) in the knowledge and possession of or which may hereafter be made by the said A. B. and until completion of the purchase of obtaining a sole and exclusive licence in respect of the said invention patent and other premises aforesaid upon the terms hereinafter appearing. NOW IT IS HEREBY AGREED as follows:—

Recitals.
Claim to invention.
Desire of C. D. to acquire the patent.

1. In consideration of the sum of £——— this day paid by the said C. D. to the said A. B. (the receipt whereof is hereby acknowledged) and also in consideration of the covenants for payment of royalties and otherwise as hereinafter expressed the said C. D. shall be entitled from the date hereof &c. [as in *Clause 1 of last Precedent.*]

Grant of exclusive licence until completion of purchase.

2. The said C. D. shall for each half-year ending on the ——— day of ——— or ——— day of ——— during the continuance of this agreement pay to the said A. B. for every ——— manufactured by the said C. D. or his sub-licensees (if any) under the said licence the royalty mentioned in the second schedule hereto according to the size and description of the said ———.

Royalties payable half-yearly on manufacture.

3. The said C. D. shall keep at his usual place of business all proper books of account and shall make &c. [*Form 13, ante, p. 51.*]

Accounts kept, inspection furnishing of accounts and verification.
Clauses 4—10.

[For *Clauses 4 and 5 as to manufacture according to the specification, and inspection of factory, use Licence II., post, p. 248; and for Clauses 6—10 as to non-assignment &c. without consent, not disputing the*

(a) See observations on this kind of agreement, *ante*, pp. 37—39, and note (a) to last Precedent.

PART. XII. *validity of the patent, detection &c. of infringements, payment of fees &c., and defence of patent &c. use Licence III., post, p. 251] (b).*

Improve-
ments &c. to
be comprised
herein.

Assignment
on payment
of royalties
up to fixed
minimum.

Royalties
suspended
during pro-
ceedings, or
to cease if
patent de-
clared void,
but final
cesser to be
in satisfaction
of damages.

Licensor may
rescind this
agreement in
certain
events.

11. The said C. D. shall be entitled during the continuance of the said licence to the sole and exclusive right &c. [*Clause 8 of last Precedent as to Improvements &c.*]

12. If after taking the accounts for any half-year it shall be found that the total amount of royalties from the date hereof up to the end of such half-year received by or payable to the said A. B. equal or exceed the sum of £—— the said C. D. shall then be entitled at his own expense subject to the satisfaction by him of all moneys then due hereunder to an assignment of the said invention and patent absolutely and such assignment shall contain covenants by the said A. B. &c. [*As in Clause 9 of last Precedent*] but until satisfaction of all moneys for the time being due hereunder the said C. D. shall before the execution of the said assignment continue to pay royalties as hereinbefore provided (c).

13. If the said patent shall before the time when the said C. D. shall first become entitled to an assignment thereof as aforesaid become wholly or as to some material part of the said invention void no royalties not then payable by reason of any —— already manufactured by the said C. D. or his sub-licensees (if any) shall become payable either at all and in that case this agreement shall absolutely determine without prejudice &c. &c. and in the event of such an appeal the right of the said A. B. to the payment of the suspended or and continuing royalties shall revive. PROVIDED ALWAYS that the final cesser &c. [*Use Clause 2 of Licence VII., post, p. 268*].

14. Provided always that if the said C. D. shall make default for one calendar month in payment of any royalties due hereunder or shall commit a breach of any other of his obligations hereunder and (where such breach is capable of being made good) shall for the space of —— days after he shall have been served by the said A. B. with a notice in writing requiring him to make good the same omit so to do or shall become bankrupt or commit an act of bankruptcy whether available for adjudication or not or shall not in any half-year aforesaid manufacture by himself or his sub-licensees (if any) —— of the said articles at least according to the said invention or any improvement or addition thereto or new discovery as aforesaid then the said A. B. may at any time thereafter before the said C. D. shall become entitled to the assignment of the said invention and patent as aforesaid by notice in writing served on the said C. D. forthwith rescind this agreement but such rescission shall operate without prejudice to the

(b) As to certain other covenants which also might be inserted, see note (e) to last Precedent.

(c) The interim royalties might be considered as somewhat in the nature of interest on the purchase-money. The ad valorem stamp duty on the assignment should, it is presumed, be calculated on the aggregate of royalties as they should stand when the licensee first became entitled to the assignment.

As to the necessity of the assignment, see note (j) to last Precedent.

recovery by the said A. B. of any royalties or other moneys due at the time thereof or to any right of action by either party then already accrued hereunder (d). PREC. XII.

[*For a Clause as to service of notices use Sp. Cl. 51, post, p. 242, and for Clauses as to acknowledgments &c. of the patents, and the Transmission Clause, see the last two Clauses of the last Precedent*]. Acknowledgment &c. and transmission clauses.

IN WITNESS, &c. (e).

FIRST SCHEDULE.

SECOND SCHEDULE.

(d) As the licensee need only stop using the invention, in order to avoid further liabilities, no power is given for him to determine the agreement.

(e) See notes (o) and (p) of last Precedent as to the assignability of the licence, and its being under seal, and the registration of it.

XIII.

PREC. XIII. **AGREEMENT forming a SYNDICATE to PURCHASE a CONTRACT FOR SALE of a PATENT, and to sell the Contract or Patent to a Company or otherwise.**

Recitals.
Title of
present
owners.
Contract to
sell to A. B.

A. B. paid
deposit.
Agreement
by parties
hereto to
unite in pur-
chasing con-
tract.
Syndicate
formed.

Capital and
shares.

AN AGREEMENT made &c. BETWEEN A. B. of &c. and C. D. of &c. of the one part, and the several persons whose signatures addresses and descriptions are given in the Schedule hereto (a) of the other part: WHEREAS [*recite the grant title and ownership of the patent*]: AND WHEREAS by a contract in writing dated &c. and made between E. F. (hereinafter called the "vendor") of the one part, and the said A. B. of the other part the vendor hath agreed with the said A. B. for the sale to him at the price of £—— of the said patent together with the benefit of improvements or additions thereto and any discovery relating to the manufacture of —— made or acquired by the vendor as therein mentioned: AND WHEREAS on the execution of the said contract the said A. B. paid the vendor the sum of £—— part of the said price: AND WHEREAS the several persons parties hereto have agreed to unite in purchasing the benefit of the said contract and to form themselves into a syndicate for that purpose. NOW IT IS HEREBY AGREED AND DECLARED as follows:—

1. A syndicate is hereby established between the several persons parties hereto (hereinafter called the "subscribers") for the purpose of acquiring the benefit of the said contract.

2. The capital of the syndicate shall be the sum of £—— which shall be considered as divided into —— shares of £—— each and shall be subscribed for by the respective subscribers in the

(a) As a syndicate is a partnership or company (*New Sombrero Phosphate Co. v. Erlanger*, L. R. 5 Ch. D. 73), notice must be taken here of sect. 4 of the Companies Act, 1862 (25 & 26 Vict. c. 89). That section provides that no company, association, or partnership consisting of more than twenty persons can be formed for the purpose of carrying on any business (not being that of banking, as to which ten persons are the limit) that has for its object the acquisition of gain, unless it is registered as a company under that act, or formed by some other act of Parliament, or letters patent, or is engaged in working mines within and subject to the jurisdiction of the Stannaries. See *Smith v. Anderson* (L. R. 15 Ch. D. 247), as to a trust investment involving dealings with shares subscribed for by the public in answer to a prospectus, not being an illegal association under sect. 4 of the Companies Act. The distinction was there drawn between the case of trustees and that of directors.

number of shares mentioned opposite their respective signatures in the Schedule hereto. PREC. XIII.

3. The said A. B. and C. D. shall be trustees of the syndicate with power to make calls on the subscribers from time to time on their respective shares and to receive all moneys paid thereon and to conduct the affairs of the syndicate in such manner as they shall think fit subject as hereinafter provided. A. B. and C. D. trustees and their powers.

4. As the consideration for his assignment of the said contract the said A. B. shall be credited on the books of the syndicate with a sum of £—— in satisfaction of calls to the like amount in the aggregate on the —— shares subscribed for by him hereunder equally between them. A. B. to be credited with sum on his shares as consideration of assigning contract.

5. Subject to the last clause and as soon as —— shares shall have been subscribed for the subscribers shall pay to the said A. B. and C. D. the sum of £—— on each share subscribed for by them respectively by way of call thereon. First call.

6. The said A. B. shall at his own expense as soon as —— shares shall have been subscribed for and all payments made under the last clause execute and do all such assurances and things as shall be necessary to vest the said contract or his interest thereunder in himself and the said C. D. as such trustees aforesaid. A. B. to assign as soon as —— shares subscribed.

7. At any time after the said —— shares shall have been subscribed for the trustees may sell the said contract and the benefit thereof or after having acquired the said patent may sell the same in its entirety or for any district or districts to any private person or persons or to any firm or joint stock company with limited liability and may form or promote the formation of any such company and agree to accept as the consideration for any such sale a sum in cash or fully paid-up shares or debentures of the said company or other valuable consideration as they shall think fit subject to any resolution in general meeting which may be passed by the syndicate as hereinafter provided (b). Sale to persons or company authorized with power for trustees to form latter.

8. No dealing with the said contract or the patent otherwise than by way of sale as aforesaid shall take place unless the same shall have been authorized by resolution as aforesaid. No dealings with contract or patents other than by sale except with consent of meeting.

9. Three days' notice at least of any meeting shall be given to the other subscribers by the persons convening the same who must be any five at least of the subscribers generally including or excluding the trustees or either of them and all meetings shall be held within a radius of —— miles from &c. Convening of meetings.

10. Each share shall confer one vote which may be given by proxy in writing and a bare majority of the votes given at any such meeting shall be sufficient to pass or veto the resolution. Votes.

11. This agreement shall become void if —— shares aforesaid shall not be subscribed for at or before the —— day of —— next. Agreement void if —— shares not subscribed by certain date.

(b) As to vendors being also promoters of a company, see *New Sombbrero Co. v. Erlanger*, L. R. 3 App. Cas. 1218; and *British Seamless Paper Box Co.*, L. R. 17 Ch. D. 467; and also Buckley, pp. 362, 510, 519; and Palmer's Company Precedents, pp. 20, 33.

PART. XIII. 12. Any notice intended to be served by the trustees on any
Notices how subscriber may be served on him personally or &c. [Use *Sp. Cl.*
served. 51, *post*, p. 242.]
 IN WITNESS, &c. (c).

THE SCHEDULE.

Signatures and Addresses of Subscribers.	Number of Shares Subscribed.

(c) The agreement should be under seal, in order to import a consideration.

XIV.

DEED OF PARTNERSHIP *for working a PATENT.*

PREC. XIV.

THIS INDENTURE made the ——— day of ——— 18—
BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other
part: WHEREAS the said A. B. is the sole and original inventor (a)
of certain improvements in the method of cleansing wool and of
removing the products: AND WHEREAS the said A. B. made his
application for letters patent in respect of the said invention on
the ——— day of ——— last and has obtained the acceptance of
a complete specification in the like respect: AND WHEREAS the
said A. B. is possessed of divers plans drawings models plant
machinery implements and things (hereinafter called "the said
implements and effects") now lying in or about the messuage and
premises No. ——— Street aforesaid which he has purchased or
acquired for the purpose of exhibiting utilizing or working the said
invention whereof an inventory (b) signed by the said A. B. has
been delivered to the said C. D.: AND WHEREAS the said parties
have agreed to enter into a partnership for carrying on the busi-
ness of ——— and working the said invention in connection there-
with upon the terms hereinafter appearing. NOW THIS IN-
DENTURE WITNESSETH that it is agreed and declared as
follows:—

Recitals.
Invention by
A. B.

Application
for letters
patent and
complete
specification
accepted.

Plans, draw-
ings, plant
&c. owned by
A. B.

Agreement to
enter into
partnership.

Testatum.

1. The business of the partnership shall be that of ———
including the using working and vending the said invention and
granting licences in respect thereof and shall be carried on at No. —
—— Street aforesaid.

Nature of
business
including
working the
invention.

2. The partnership shall commence from the date hereof and
shall continue during the term granted by the letters patent (if
any) to be obtained in respect of the said invention and any
extension thereof and during the subsistence of any other patent
or like rights which may become subject hereto.

Partnership
to continue
during exist-
ence of patent
rights if both
partners so
long live.

3. The firm shall be styled "A. B. & Co."

Name of firm.

4. The partnership may be determined as from the end of the
fifth year herefrom or any subsequent year by either of the
partners subject to the service by him on the other partner of not
less than six calendar months' previous notice in writing for that
purpose.

Determina-
tion by
notice at end
of fifth or sub-
sequent year.

(a) C. D. will be estopped, if he executes the deed, from disputing this.
See *post*, p. 111.

(b) The inventory should bear a ten shilling stamp. (Stamp Act, 1870,
"Schedule, Inventory, &c.")

PART. XIV.

A. B. at own expense to obtain home patent in joint names and at expense of partnership obtain foreign &c. patents.

A. B. to receive as after provided a sum for one moiety of patent.

After sealing C. D. to pay A. B. part of said sum but balance payable out of C. D.'s share in business.

Capital.

5. The said A. B. shall with all due speed and at his own expense procure the said letters patent to be granted in the joint names of himself and the said C. D. and at his own expense apply for and obtain in his own name in trust for the firm patents or like instruments for the colonies and foreign countries mentioned in the Schedule hereto all of which countries are members of the International Union (c).

6. The said A. B. shall be entitled to receive as hereinafter provided the sum of £1,000 as a consideration for one moiety of the said letters patent and of all other patent or like rights to be obtained in respect of the said invention at home or abroad.

7. The said C. D. shall immediately after the said letters patent shall be obtained as aforesaid pay to the said A. B. the sum of £—— part of the said sum of £1,000 but the remainder thereof shall not except as provided by Clause 17 be payable by the said C. D. personally and except as provided by Clause 18 shall be charged on the share of the said C. D. in the capital and profits of the partnership subject to his monthly drawings under Clause 11 and shall from the time of dissolution of the partnership as to any part thereof remaining unpaid bear interest at the rate of 5 per cent. per annum.

8. The capital of the partnership shall be or be considered to be contributed equally by and between the partners and shall subject to Clause 18 consist of the said letters patent and colonial and foreign patents and of all improvements or additions to the said invention and discoveries useful for the manufacture of —— made by either partner during the partnership and of the said implements and effects and also of a sum of £—— cash which shall be contributed as follows namely £—— by the said A. B. (he being in addition thereto credited with the sum of £—— as the value of the said implements and effects) and £—— by the said C. D. who shall not before the said letters patent shall be obtained and sealed be obliged to contribute any part thereof (d).

(c) The letters patent might, of course, also be taken out in the name of A. B. only. In that case, unless the articles provide otherwise, the letters patent will become assets of the firm, so that on a dissolution each partner would have a right to work them. (*Kenny's Patent Buttonholing v. Somerville and Lutwyche* (1878), 37 L. T. N. S. 878, per Bacon, V.-C.) It was also held in that case that the right existed, notwithstanding the registered owner had assigned the patent to a person having notice of the partnership. In *Azmann v. Lund* (1874) (L. R. 18 Eq. 330), it was held that where the plaintiff and defendants had worked in partnership a patent which was the property of the defendants, the plaintiff was not debarred from disputing the validity of the patent. See *Muntz v. Grenfell*, 2 Cooper, 61, n. As to the International Union, and what countries are comprised in it, see *ante*, pp. 36, 37.

(d) The cash to be furnished by A. B., added to the sum representing the value of the implements and effects, is, of course, to be equal to the amount of cash to be furnished by C. D. As the partnership might become dissolved, under Clause 18, before sealing, C. D. would by that clause be probably unable to recover the full amount of his contribution, as part of it at least might go in the expenses of the partnership. As the patents are to be partnership assets, there seems no reason to provide that licences shall only be granted by the partners jointly.

9. The bankers of the partnership shall be &c.

PREC. XIV.

10. All outgoings of the business including the annual sum of £—— payable quarterly to the said A. B. by the partnership by way of rent for the said premises (and which sum shall be deemed to cover all rates taxes and assessments whatsoever but not the insurance of the said premises) shall be payable out of the capital and profits thereof or in case of deficiency then by the partners equally.

Bankers.
Outgoings,
rent &c.

11. After the expiration of six calendar months from the time when the said letters patent shall have been obtained the said partners shall be entitled to draw out from the funds of the partnership sums for their separate use respectively at the end of every ensuing calendar month namely as to the said A. B. the sum of £—— and as to the said C. D. until satisfaction of the said sum of £—— (e) the sum of £—— only and after satisfaction thereof the sum of £—— (f) subject to the liability at the end of each current year for each partner to refund to the partnership any excess of his drawings for that year over and above his moiety of the net profits for that period.

Monthly
drawings.

12. All bonds bills notes or other securities given accepted or indorsed on account of the partnership shall be executed accepted signed or indorsed by both parties in their respective names and not in the name of the firm unless the use of such name thereto respectively shall be plainly necessary for the benefit of the partnership and all such securities except as aforesaid not so executed signed or indorsed shall be deemed to have been given only on the account of the partner who alone executed signed or indorsed the same and not of the firm (g).

All securities
given by firm
to be signed
&c. by both
partners.

13. Each partner shall guarantee to the firm the prices due for goods sold or work undertaken or done by him or his direction on behalf of the firm on credit to or for the benefit of any person or persons contrary to the wishes of the other partner as expressed by him in writing and shall on the annual account day next after the times when the said goods were sold or work undertaken or done respectively account for the prices thereof accordingly.

No goods sold
or work done
on credit
against
wishes of
other partner.

14. Any goods ordered or bought by either partner without the written consent thereto of the other partner exceeding the value of £—— shall at the option of such other partner be either treated as goods of the firm or as the separate property of the partner who ordered or bought them and be paid for accordingly.

Goods bought
not to exceed
a certain
value unless
with consent
of both part-
ners or part-
ner buying
liable for
same.
Yearly ac-
counts and
valuation.

15. Proper and full accounts and valuation shall be taken and made on the last day of each current year of the partnership of the moneys debts liabilities property and effects of the firm and

(e) The balance of the £1,000.

(f) The same as A. B.

(g) A member of an ordinary trading partnership can bind the firm by drawing, accepting, or indorsing bills of exchange, or by making or indorsing promissory notes in its name. See Lindley, p. 266, and cases there cited. A partner, however, has no power to bind his co-partners by deed, unless by way of release of a demand. (*Ibid.* 278.)

PREC. XIV. shall be recorded in two books and in each thereof signed by both partners within ——— calendar months after the end of such year and each partner shall retain one of the books and except where any manifest error shall be found therein within six calendar months after the signatures shall have been entered therein as aforesaid shall be bound by such accounts and valuation.

Equal division of net profits subject to balance of purchase-money out of C. D.'s share.

C. D. liable personally to pay balance of purchase-money if he determines partnership.

If either die or become bankrupt before sealing of patent it shall vest absolutely in A. B. or his representatives.

16. The net profits of the said business shall be divided equally between the partners subject as to the moiety therein of the said C. D. to the said charge in favour of the said A. B.

17. If the partnership shall be determined by the said C. D. by notice under Clause 4 the said C. D. shall be liable personally to pay to the said A. B. the said sum of £—— or such part thereof as shall then remain unpaid and the same shall together with interest thereon at the rate of 5 per cent. per annum from the date of such determination be a charge on the share of the said C. D. in the capital and profits of the partnership (h).

18. If either partner shall before the letters patent shall be sealed die or become bankrupt or commit an act of bankruptcy whether available for adjudication or not the partnership shall thereupon determine and in that case the interest of the said C. D. or his representatives in the said invention letters patent and other patents or like instruments aforesaid or the right to obtain and hold the same respectively and all other (if any) inventions and patent or like rights then comprised herein and also the said implements and effects or other like implements and effects then belonging to the partnership shall enure for the benefit of the said A. B. or his representatives subject to the satisfaction of all liabilities (if any) of the partnership and of all lawful claims by or on behalf of the said C. D. or his representatives against the assets of the partnership or against the said A. B. or his representatives in respect of any moneys brought by the said C. D. into the partnership or otherwise and accordingly the said C. D. or his representatives shall at the request and cost of the said A. B. or his representatives execute and do all such assurances and things as may be necessary or convenient for vesting the entirety of the said inventions letters patent patents instruments and rights and also the said implements and effects respectively in the said A. B. or his representatives or his or their assigns as by him or them shall be reasonably required (i).

(h) Should A. B. by misconduct try to force C. D. to dissolve, the latter should apply to the court for an injunction against the acts complained of. It is presumed that a judgment for dissolution in the action, even if prayed for by C. D., would not involve the infliction of the above personal penalty, as the dissolution would not have been effected by mere notice. In *Fairthorne v. Weston* (3 Hare, 387), one of two solicitors, partners, filed a bill for an account and a receiver, without praying for a dissolution. A demurrer as to the necessity of praying for a dissolution in order to obtain relief was overruled.

(i) By Clause 8, C. D. is not obliged to bring in any moneys before the sealing of the patent, and, by Clause 7, he is not, before the sealing, to pay any sum for his share of the various patents. A. B., his executors or administrators, or his assignees in the bankruptcy (if so) should therefore, in

19. If the dissolution of the partnership shall take place by reason of the death of either partner after the sealing of the said letters patent but within two years from the date hereof the other partner shall (but if he shall be the said C. D. then subject to his satisfaction of the said balance (if any) and interest thereon from the time of such death) have the option to be exercised by him in writing within ——— calendar months from the time of such death to purchase the interest of the deceased partner in the said inventions letters patent patents instruments and rights and also the said implements and effects as then lately comprised in the partnership at the price of £——.

PARC. XIV.

Option to purchase deceased partner's share of patent if death after sealing but within two years from date hereof.

20. Except and subject as hereinbefore provided if either partner shall die in the first year of the partnership his executors or administrators shall only be entitled to the amount of capital brought in by him which shall or ought to be standing to his credit in the partnership books and not to any further sum by way of profits or otherwise except any sum or sums properly due to such deceased partner in respect of his monthly drawings as aforesaid which sum or sums shall be payable on demand but if either partner shall die in any subsequent year of the partnership his executors or administrators shall be entitled to his share in the partnership assets as they shall be found to have amounted to on the last previous yearly day hereinbefore appointed for taking a valuation of the said assets and also to such sum or sums (if any) as shall since such yearly day have been brought by the deceased partner into the partnership and also (in lieu of profits but subject to deductions as to all intermediate monthly drawings by the deceased partner as aforesaid) to interest up to the date of the death of the deceased partner at the rate of five per cent. per annum on the value of such share as from the same yearly day and also on such sum or sums (if any) last aforesaid as from the time or respective times when the same was or were so brought in which interest respectively shall be payable by the surviving partner on demand and the principal sum so found due to the estate of the deceased partner shall be payable by the surviving partner in six equal instalments at half-yearly intervals the first whereof being payable at or before the end of nine calendar months from the date of the death of the deceased partner and each instalment until payment thereof shall bear interest from the same date at the rate of five per cent. per annum and the surviving partner shall at his own expense if and when required by the said executors or administrators so to do enter into a bond or deed of covenant for payment of the said instalments and interest in manner aforesaid.

Subject as aforesaid surviving partner may purchase share of deceased in the assets.

[*Arbitration Clause as in Form 24, ante, p. 55.*]

IN WITNESS, &c. (j).

either of the above events, be entitled to the full benefit of the patents. It is to be supposed that little business will be done, or liability occurred by the firm, before the sealing.

(j) A notification of this partnership, so far as it shows that the patents are to be worked by the patentees jointly, can be entered on the register. See *ante*, p. 24, and sects. 23 and 87 of the Act of 1883, App., *post*, pp. 313, 322.

For a clause as to service of notices, use *Sp. Cl.* 51, *post*, p. 242.

XV.

PREC. XV. AGREEMENT *appointing a SOLE AGENT for the SALE of PATENT ARTICLES in the Metropolis.*

<p>Recitals.</p> <p>Title of firm to patent.</p> <p>Business of firm.</p> <p>Patents are partnership assets.</p> <p>Desire to employ E. F. as agent.</p> <p>Certain quantity of goods already consigned.</p> <p>Security given by E. F.</p> <p>E. F. to be sole agent for two years at least.</p> <p>Determination by notice by either party at end of two years or by the agent any succeeding half-year.</p>	<p>AN AGREEMENT made &c. BETWEEN A. B. and C. D. of &c. (hereinafter called "the said firm") of the one part and E. F. of &c. of the other part: WHEREAS the said A. B. and C. D. are joint patentees of an invention termed &c. under letters patent dated &c. and numbered ——— for the United Kingdom and the Isle of Man: AND WHEREAS the said A. B. and C. D. are engaged at ——— in the county of ——— in the business of ——— as co-partners under the firm of &c.: AND WHEREAS the said letters patent form part of the assets of the partnership: AND WHEREAS the said A. B. and C. D. are desirous of employing the said E. F. as sole agent in the city of London and the metropolitan districts in selling [<i>the articles</i>] which can be made by the said firm according to the said invention upon the terms and conditions hereinafter appearing: AND WHEREAS shortly before the execution hereof the said firm have placed in the agency premises hereinafter mentioned ——— in number of the said articles to be sold by the said E. F. as such agent: AND WHEREAS the said E. F. has given or afforded to the said firm a guarantee from the ——— Company Limited to the extent of £——— for the fulfilment of his obligations hereunder. NOW IT IS HEREBY AGREED as follows:—</p> <p>1. The said E. F. shall act as sole agent in the city of London and the districts and places lying within a radius of twelve miles from Charing Cross for the said firm for the sale of the said articles for the term of two years to be computed from the ——— day of ——— 18— and for such further period as hereinafter mentioned.</p> <p>2. The agency may be determined by either party at the end of the said term of two years subject to his or their service on the other of them of ——— calendar months' previous notice in writing for that purpose and if not so determined shall continue beyond that period and may be determined by the said E. F. at the end of any succeeding half-year or period of six calendar months subject to his service on the said firm of three calendar months at least previous notice in writing for that purpose and if not determined in either of the said modes shall continue so long as the said E. F. shall duly perform or observe his obligations hereunder.</p>
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3. The said firm having approved of the premises situate at &c. in the city of London as being suitable for the said agency and which premises the said E. F. in view of this agreement has just contracted to take on lease the said agency shall be established at the said premises accordingly and shall continue to be carried on thereat until the said E. F. shall with the written consent of the said firm engage other premises for such purpose.

PARC. XV.

Agency premises taken with approval of firm.

4. The rent and taxes and the cost of all furniture books of account stationery and insurance of premises and the salaries of clerks messengers and others and all other office and other necessary or proper charges and expenses of and incidental to the said agency except those relating to the carriage of goods sent to him by the said firm the charges and expenses for which they shall be solely liable shall be incurred and borne by the said E. F. alone.

Agency expenses to be paid by agent except as to carriage of goods to him.

5. The said E. F. shall place his own name with the addition of the words "Sole Agent in the Metropolis for A. B. and C. D.'s patent [*name of article*]" and no other name or statement in the most conspicuous part of the front of the agency premises (the words "A. B. and C. D.'s patent ——" being painted in much larger type than the other name and words aforesaid) and shall also keep use and retain his own name with the addition aforesaid upon all invoices heads of account and the stationery generally of the said agency (a).

Agency how to be designated in front of premises and on the stationery.

6. The said firm shall from time to time from and after the ——— day of ——— next supply to the said E. F. such articles aforesaid as he shall require not exceeding (unless the said firm shall be willing to supply any further quantity) ——— in number per calendar month on an average of three calendar months and the said E. F. shall sell the same articles and those already supplied to him as aforesaid at the best prices he can obtain for the same but the said firm shall nevertheless be at liberty from time to time in variation of any provision in this respect herein contained to fix the minimum selling prices hereof or to prescribe either generally or in particular the cases in or the longest periods for which respectively credit may be given or refused as to the selling prices thereof (b).

Monthly supply by firm of the patent articles.

7. Credit shall not be given to any single person firm or company for a longer period than ——— calendar months nor for

Limitation of credit to customers.

(a) Such a provision will prevent the operation of the reputed ownership clause against the firm on the bankruptcy of the agent. See Bankruptcy Act, 1883, sect. 44, sub-sect. 2, par. 3 (46 & 47 Vict. c. 52); and *Ex parte Bright, In re Smith*, L. R. 10 Ch. D. 566 (C. A.). In that case the bankrupt firm (agents) had placed over their premises, and printed on their stationery, the words "Merchants and Manufacturers' Agents," and were to be paid as commission the surplus of the proceeds of goods sold above certain prices. They acted for various manufacturers. It was held by Jessel, M. R., and James and Bramwell, L.J.J., that the creditors had thereby notice of the agency sufficient to exclude the operation of the reputed ownership clause.

(b) E. F. would not be a mere agent if he was at liberty to sell the articles at any price he pleased, and pay fixed sums only for them to his principals after the respective sales. (*Ex parte White, In re Nevill*, L. R. 6 Ch. 397 (Ct. App.); affirmed in House of Lords, *nom. Towle v. White*, 21 W. R. 465.)

PARC. XV. any articles the selling prices whereof to any single person firm or company shall be beyond the total amount of £——.

No actions or proceedings without consent of firm.

8. The said E. F. shall not unless with the written consent of the said firm first obtained commence or prosecute in the name of the firm any action for the recovery of any moneys due to the agency for goods sold by the said E. F. nor compound nor release the said moneys or any part thereof but may at his own cost and risk commence or prosecute any such action (c).

Commission to agent on sales.

9. The said firm shall as to all orders for purchase sent from any part of the world (including the said district) to the agency pay or allow to the said E. F. a commission of —— per cent. upon the prices received for the articles purchased but the said E. F. shall not without the written consent of the said firm procure or attempt to procure orders from any person or persons firm or company not residing or having offices within the said district.

Agent to receive commission also on goods sold by firm and ordered by persons in district.

10. Orders which shall be received by the said firm from any person or persons firms or companies residing or carrying on business within the city of London or any of the districts and places aforesaid for the supply of the said articles may be executed by the said firm if they shall think fit after previous notice in writing shall have been given by them to the said E. F. who shall be entitled (but independently of such notice being given) to receive or be allowed in account a commission calculated upon the prices of the articles so sold as if the same were paid on the days of delivery or within thirty days thereafter respectively namely as to all such orders received up to the end of the year 18— a commission of —— per cent. and as to all such orders received after such date a commission of —— per cent. (d) or any such orders may be delegated to the said E. F. if he shall be able to execute the same but upon the same terms as to commission as if they had been given to him direct.

Del credere commission.

11. As to all articles sold by the said E. F. other than in respect of orders delegated to him by the said firm as aforesaid the said E. F. shall guarantee to the said firm the payments by the purchasers of the respective prices thereof on the days of the delivery after the sale thereof or within thirty days thereafter respectively and in consideration of such guarantee shall be entitled to an extra

(c) The agent may sue in his own name if he has a special property in the subject-matter of the contract, notwithstanding he contracted for an avowed principal. (*Williams v. Millington*, 1 Hen. Blacks. 81, the case of an auctioneer.)

The factor and owner may each have actions on a contract. (*Ibid.*)

(d) A higher percentage than the last-mentioned one. These commissions (so called) are, of course, by way of compensation to the agent for the firm dealing with purchasers in the district of the agency, and should, it is presumed, be little lower than the commission the agent would get if the orders were given direct to him. The change in the percentage after a given date is to be supposed to be owing to the circumstance that the firm have already customers in the district, and will in time, as far as possible, withdraw personally from supplying them with the articles.

commission of ——— per cent. over and above the commission payable in respect thereof as hereinbefore first provided (e).

PRINC. XV.

12. The said E. F. shall at all times during the continuance hereof at his own expense well and sufficiently insure and keep insured against fire the agency premises and all articles aforesaid for the time being therein and shall whenever required by the said firm produce the receipts of the current premium or premiums paid by him in respect of such insurance (f).

Premises and goods to be insured by agent.

13. The said E. F. shall at his discretion and expense properly and sufficiently advertise the said articles at a rate not less than £—— per calendar month for an average of any three consecutive calendar months.

Agent to advertise articles and expend a minimum amount thereby.

14. All commissions payable to any sub-agents employed in the said district by the said E. F. for the sale of the said articles shall be borne by and between the said parties equally who shall together determine the amounts of such commissions respectively.

Commissions to sub-agents.

15. The said E. F. shall so long as he shall not be indebted to the said firm be entitled each calendar month to draw from all moneys received by him for the sale of articles as aforesaid or other moneys paid to him for the benefit of the said firm a sum not exceeding £—— in anticipation of the moneys (if any) payable to him on the half-yearly settlement of accounts to be effected as hereinafter provided on the half-yearly day then next ensuing subject to the liability on his part to refund any sums which on such settlement shall appear to have been overdrawn but subject to such drawings and any claims by the said E. F. thereout for moneys due to him from the said firm all moneys so received by or paid to the said E. F. as aforesaid shall when amounting to the sum of £—— altogether be forthwith paid to the credit of the said firm at the bank of Messrs. ——— at &c.

Monthly drawings allowed to agent—but balance of moneys received amounting to £—— at least to be paid to credit of firm at bank.

16. The said E. F. shall keep at the agency premises all proper books of account and shall make true and perfect entries therein at the earliest opportunities of all orders both taken and executed and articles received by him from the said firm and also any such articles sold by him and the names and addresses of the purchasers thereof on credit or so far as known to the said E. F. and also of all other matters and things in any way relating to the agency and essential or convenient for any of the purposes hereof and shall on the ——— day of each calendar month send to the said

Accounts to be kept and monthly statements furnished.

(e) E. F. thus becomes what is termed a *del credere* agent in respect of this guarantee. See *Mackenzie v. Scott*, 6 Bro. P. C. 291 (Tomlin's edition). A *del credere* agent is only liable to his principal as a surety for the purchasers. (*Morris v. Cleasby*, 4 Maule & Selwyn, 566; *Hornby v. Lacy*, 6 *ibid.* 166; *Cumming v. Forester*, 1 *ibid.* 494; *Baker v. Langhorn*, 6 Taunt. 519.)

(f) A factor is bound to keep the goods with the same care that a prudent man would keep his own (*Coggs v. Bernard*, 2 Ld. Raym. 217; and 1 Smith's L. Cas.; and *Vere v. Smith*, 1 Vent. 121), but is not liable in case of robbery, fire, or other accidental damage happening without his default (Co. Litt. 89a; *Anon.* 2 Mod. 100; and *Vere v. Smith*, *supra*), and must insure the goods if he have effects in hand enough to cover the expenses of insurance. (See Smith's Mercantile Law, p. 113 (8th ed.), 1871, on the last and other points.)

- Prec. XV.** firm a full clear and correct statement in writing of all orders and sales aforesaid and particulars thereof respectively for the then previous calendar month and shall at all times during the continuance and for any of the purposes hereof give the said firm or their agents all necessary information and if so required and at the expense of the said firm evidence by statutory declaration or otherwise as to the truth of any particulars appearing in the said books or any of them or any other matter or thing affecting the agency and suffer them or any of them to inspect and make copies or extracts from the said books or any of them as and when reasonably required by them or any of them.
- Accounts balanced half-yearly.** 17. The accounts of the said agency shall be balanced by the said E. F. at the end of each half-year ending on the ——— day of ——— or ——— day of ——— or within ten days thereafter.
- Sums due to agent payable half-yearly.** 18. All sums by way of commission or otherwise to which the said E. F. shall as shown by each half-yearly account aforesaid be entitled to receive from the said firm shall be paid to him within one calendar month from the time of delivery of such account.
- Agent to have lien on goods for moneys owing to him.** 19. The said E. F. shall subject to the rights (if any) of purchasers thereof have a lien on all articles aforesaid for the time being in his possession for any moneys then due to him hereunder (g).
- No other agent within the district to be employed.** 20. The said firm shall not during the continuance of this agreement within the city of London or any place or district aforesaid employ any other person than the said E. F. as agent for any of the purposes for which the said E. F. shall by virtue of this agreement be entitled to be employed nor shall employ any other person as agent for any purposes connected with the sale of the said articles whose place of residence or business shall be within the said district or radius.
- Agent to detect infringements and give notice thereof to firm.** 21. The said E. F. shall make every endeavour to detect any suspected infringement of any of the patent rights of the said firm with regard to the said invention or any other patent rights for the time being held by them in relation to the manufacture of ——— and inform the said firm of any suspected or ascertained infringement thereof as soon as the same shall be suspected or ascertained by him.
- No obligation on firm to maintain patent &c.** 22. The said firm shall be under no obligation to keep up or maintain the said letters patent or any extension thereof or any patent rights for the time relating to the said invention or the manufacture of the said articles or to take or defend any proceedings or action legal or otherwise as to any infringement thereof or otherwise.
- Agreement to bind successors of firm if possible.** 23. The benefit of this agreement shall as to the said E. F. be made as far as possible binding not only on the said firm and the survivor of them but also on their and his assigns of the business of the said firm.
- IN WITNESS, &c. (h).

(g) The articles will not be in the reputed ownership of the firm on the bankruptcy of the latter—that is, the lien of the agent will prevail. See *Ex parte Taylor*, Montagu, 240; and *Greening v. Clark*, 4 Barn. & Cress. 316.

(h) For a clause as to service of notices, use *Sp. Cl. 51, post*, p. 242.

CHAPTER ON ASSIGNMENTS

(And MORTGAGES).

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A patent or share or for distinct part of invention generally assignable.

So also for a district.

A co-owner may assign his share.

Mode of assignment should be by deed.

A PATENT is assignable if the terms of the grant permit assignment, but is apparently not so if they confer no such privilege (a). Both the late and present forms of patents confer a power of assignment by implication from the use of the words "assigns" (b). The power to assign extends to any part or share of the patent (c), or to the entirety of the patent so far as it relates to a separate and distinct part of the invention (d). Further, the new act provides that a patent may be assigned for any place in or part of the United Kingdom and Isle of Man as effectually as if the patent were originally granted to extend to that place or part only (e). Again, one co-owner of a patent, subject to any agreement between him and the other owners, can assign his share in the patent (f).

No particular form of words seems needed for an assignment (g).

A covenant to assign a patent upon the happening of an event may, when the event happens, operate as an assignment without

(a) See Hindmarch, 234.

(b) See *Form I.*, ante, p. 48, as to present form.

(c) *Walton v. Lavater*, 8 C. B. (N. S.) 162. The assignee, whether of the entirety or of a part or share, takes the legal interest, and is not to be considered merely as a licensee (per Erle, J.).

(d) *Dunnicliff v. Mallet*, 7 C. B. (N. S.) 209.

(e) Sect. 36. As to the effect of such assignment and the distinction and comparative advantages between an assignment for a district and an exclusive licence for the same, see *post*, pp. 115—118.

(f) Lindley on Partnerships, 4th edition, pp. 68, 69, citing *Dunnicliff v. Mallet* (*ubi supra*); *Walton v. Lavater*, *supra*; and *Mathers v. Green*, L. R. 1 Ch. 29. See also *Hancock v. Bewley*, Johns. 601.

(g) Hindmarch, 235, citing *Shep. Touch.* 83, 86. The latter authority gives general rules for the construction of deeds of grant.

any further assurance (*h*). An assignment however must be by deed, as the privilege is of such a nature that it cannot be granted without a deed (*i*); and the rule of law is that things which can only be granted or created by deed can only be assigned by deed (*j*). But where an instrument not under seal purports to be an assignment of a patent, it may, it is presumed, be treated merely as an agreement to assign, and be enforceable accordingly (*k*). In the analogous case of an instrument not under seal, purporting to be a lease of land for a longer term than required by statute for leases not under seal, the lease would be treated as an agreement only to grant the intended lease (*l*).

Otherwise only a contract arises.

The contents of an ordinary deed of assignment of a patent are now to be briefly noticed.

Contents of ordinary deed of assignment.

The first recital (if any) in an ordinary deed of assignment is commonly as to the origin of the invention. A recital that the assignor or person through whom he claims the patent was the true and first inventor will estop the assignor, and also (if he execute the deed), the assignee from afterwards disputing the validity of the grant (*m*). The mere fact however of the assignment causes such an estoppel to the assignor (*n*). As, in an

Recitals.

Title or fact of invention or claim thereto.

(*h*) *Cartwright v. Amatt*, 2 Bos. & Pull. 43, referred to at p. 91, *ante*. An exclusive licence not providing for any resumption of the patent in any one or more events may thus amount to an assignment, so as to enable the licensee to sue for infringements in his own name. See pp. 200, 201, *post*, as to actions by a licensee.

(*i*) Co. Lit. 9b, 172a.

(*j*) 3 Co. Rep. 63a, *Lincoln College Case*.

(*k*) See as to the specific performance of a contract to assign a patent, p. 42, *ante*.

(*l*) *Parker v. Taswell*, 2 De G. & Jo. 559; *Bond v. Rosling*, 1 Best & Smith, 371; *Tidey v. Mollett*, 33 L. J. (C. P.) 235. See Davidson, *Prec. Conv.* Vol. V. Part I. (Chapter on "Agreements for Leases").

(*m*) As to estoppel by recitals generally, see *ante*, p. 41. In *Bowman v. Taylor*, 4 Nev. & Man. 264, where a licence contained a recital that the licensor had invented the machines and obtained the patent and enrolled the specification, it was held that the licensee who had executed was estopped. See also *Doe d. Shelton v. Shelton*, 3 Adolp. & Ell. 265, as to an estoppel not arising against an assignee who did not execute the deed. The estoppel must be pleaded to avail either party (*Bowman v. Rostron*, 2 Adolp. & Ell. 295). In *Stroughill v. Bucks*, 14 Q. B. 787, it was held that a recital in a deed, intended to be the statement of one party only, is confined as to estoppel to that party only. See also *Wiles v. Woodward*, 5 Ex. 557, to same effect.

(*n*) *Oldham v. Langmead*, cited in Webs. 291; *Walton v. Lavater*, 8 C. B.

ordinary deed, there are no covenants by the assignee, he does not in general execute it. If therefore there is such a recital, it must be considered with reference to its bearing on the covenant (if any) as to the validity of the patent, for the recital might be construed as a covenant that the assignor or other person was the true and first inventor (*o*). The qualified covenant as to the validity of the patent (*p*) limited to the acts and omissions of the assignor alone does not relate to the identity of the true and first inventor. Where therefore both the recital and the qualified covenant are inserted, it may be contended either that the recital cannot be construed as a covenant, or that the recital and the covenant are cumulative or independent of each other (*q*). Where the covenant as to the validity is unqualified, it will harmonize with the recital.

No implied warranty of title to the invention.

It must be noticed however that in a contract to assign a patent there is no implied warranty that the patentee was the true and first inventor (*r*), and it is therefore clear that in the absence of an agreement to the contrary a recital to that effect should not be inserted.

Recital that assignor represented himself as inventor.

It has been recommended that in order to prevent estoppel against an assignee who executes the deed, the recital as to the origin of the invention should be only that the assignor (the patentee) has *represented* himself to be the true and first inventor (*s*). This recital, it is presumed, where not qualified or annulled by some

(N. S.) 162, 187; *Chambers v. Crichtley*, 33 Beav. 274. See *Heugh v. Chamberlain*, 25 W. R. 742, as to a mere partner of the assignor not being estopped where he puts in a separate defence in an action by the assignee for infringement (Jessel, M. R.). The assignment by the trustee in bankruptcy of the owner of a patent does not estop the latter from afterwards disputing the validity; *Smith v. Cropper*, L. R. 10 App. Cas. 249.

(*o*) A recital may amount to a covenant. On this see Elph. N. & C. pp. 415 *et seq.*, and cases there cited.

(*p*) As to this covenant, see *post*, p. 114.

(*q*) The terms of an express covenant will override those of a recital which would otherwise be treated as a covenant. See Elph. N. & C. p. 418, citing *Young v. Smith*, L. R. 1 Eq. 180, and 35 Beav. 87; and Jessel, M. R., in *Dawes v. Tredwell*, L. R. 18 Ch. D. 359.

(*r*) *Hall v. Conder*, 2 C. B. (N. S.) 22; affirmed on appeal, *ibid.* 53; *Smith v. Neale*, *ibid.* 67; *Liardet v. Hammond Electric Light & Power Co.*, 31 W. R. 710 (Ct. App.).

(*s*) See Davidson's *Proc. Conv.* Vol. II. Part I., where both in an agreement for sale and also in an assignment such a recital is used. No other writers seem to have adopted it.

express covenant, will amount to a covenant that the assignor (the patentee) was the true and first inventor. In many of the precedents of assignments in this book, no recital as to the origin of the invention is inserted either on the supposition that no warranty is to be given, or because the covenants express all that may be intended in this respect.

Subject to the foregoing remarks as to a recital of the origin of the invention the first recital in a deed of assignment may be taken to be that of the grant of the patent. Then follow recitals as to the devolution (if any) of title and other matters (*f*).

Grant of patent.

Devolution of title.

The next part of the deed is the testatum and operative part. The covenants implied by the use of the words "beneficial owner" or "trustee" are noticed later. The invention as well as the letters patent is expressed to be assigned. This has always been the practice, notwithstanding the apparent inseparableness of the invention and the patent. As there is and has been no provision in any act for the grant of any new or substituted patent, in the event of a patent becoming revoked, or, from breach of any condition, becoming void, no special advantage seems likely to accrue to an assignee whose assignment purports to include "the invention" as well as the patent. Otherwise, it might be contended that an assignment of the invention would comprise all patents that would be granted in respect of it (*u*). The rights powers emoluments and advantages in respect of the patent are usually also assigned although there seems no necessity for doing so, inasmuch as the expression "assignment of a patent" is a technical one, recognized by the new act and former acts, as embracing all the privileges conferred by the patent, including no doubt the benefits reserved in licences already granted. The mention, in the *habendum*, of the term for which the premises are to be held seems unnecessary, although the practice varies on this point.

Testatum.

Assignment of invention as well as patent.

Also of rights, powers, &c.

(*f*) Where the parties are agreed, recitals might of course be dispensed with, or a recital might be inserted that the assignor was entitled absolutely to the invention and patent mentioned in the schedule. Where there has been devolution of title the purchaser will of course search the register immediately before execution to see that the recitals are not at variance with the record.

(*u*) See sect. 26 of the new act (p. 315, *post*), and also pp. 20, 21, *ante*, as to revocation. As to the saving of the prerogative of the Crown, see sect. 116 of the new act, *post*, p. 328.

Covenants.
For title and
as to validity
of patent.

The covenants for title to the patent will be implied by the use of the expression "as beneficial owner" or "as trustee" as applied to the assignor when he is expressed to assign (*v*). These covenants however are as to the ownership and devolution (if any) of the title as distinguished from the validity of the patent, and are practically of little value, mainly on account of the system of registration. A covenant that the patent is valid is not a covenant for the title to the ownership of it. If such a covenant be unqualified (*u*) it plainly comprises the covenants that were formerly inserted in assignments, namely as to the inventorship and the novelty and utility of the invention and the past proper performance and observance of the conditions in the patent (*x*). The decisions in the cases of *Hall v. Conder* and *Smith v. Neale* cited above (*y*) as to there being no implied warranty in a contract of assignment as to the validity of the patent, make it now suitable, where there is no agreement to the contrary, to qualify the covenant so as to confine its operation to the acts and omissions of the assignor alone, and also (except as to a trustee or executor) following the usual conveyancing practice in the analogous case of the assignment of a lease, of his testator intestate or donor (if any) (*z*). Such a qualified covenant would then relate in particular to the past performance and observance of the conditions in the patent, such as the payment of the renewal fees, and to the defence in any proceedings for revocation (*a*).

✓ As to im-
provements,
&c. and
extensions.

The implied covenant for further assurance (*b*) will not apply to improvements or additions to the invention or extensions of the

(*v*) See sect. 7 of Conveyancing Act, 1881, Appendix, *post*, p. 370.

(*w*) For such a covenant, see *Mortgage I.*, *post*, p. 167.

(*x*) See Coryton, p. 514, and Jarm. & Byth. edition 1841 (form of assignment of a patent).

(*y*) *Ante*, p. 112, note.

(*z*) The qualified covenant as to acts, &c., of the assignor is used in Davidson P. C. Vol. II. Part I. ed. 1877, p. 631; but, as stated in the note thereto, the earlier editions had incorrectly contained unqualified covenants. See also the editions of Pridgeaux from 1870 downwards, and Crabbe's Conv. Prec. ed. 1859, p. 406. In Coryton (1855) and Jarm. & Byth. (1841) the unqualified covenant was inserted; but the decisions in *Hall v. Conder*, &c., were later.

(*a*) It cannot relate to any defect which was irremediable at or before the grant, and hence will not refer to the novelty or utility of the invention.

(*b*) As to this covenant, see Conveyancing Act, 1881, sect. 7, sub-s. 1 (A), Appendix, *post*, p. 370.

patent. Express covenants in these respects should therefore be inserted (c).

In addition to these express covenants, it is recommended by some writers that there should also be a covenant binding the assignor not to seek leave to amend the specification or drawings without the written consent of the assignee (d). This seems advisable in the case of an assignment for a district or of a share of the patent or of the entirety of the patent in respect of a distinct part of the invention, but not of the actual entirety of the patent, inasmuch as in the latter case the assignor will have no *locus standi* to apply for leave to make the amendment (e).

Not to seek leave to amend specification without consent.

The contents of a deed of assignment for a district up to and inclusive of the covenants for title and the qualified covenant as to the validity of the patent, may be taken to be the same as those of a deed of assignment comprising the entirety of a patent, with the addition of a reference to the district.

Contents of an assignment for a district.
Covenants.

Title and validity of patent.
Improvements.

The covenant as to improvements or additions to the invention and new discoveries useful for the manufacture of the patent articles, if intended to be included in the purchase, need hardly provide for any special remuneration to the assignor on account thereof, as the inducement to the assignor to interest himself in improving the existing invention or making any new discovery in the manufacture of the patent article is much greater than if he were selling the whole of the patent (f). Where the district is an integral part of the United Kingdom such as Scotland, or a very extensive region such as the six northern counties of England, or the purchase-money for the original patent is of considerable amount, it may be advisable for the purchaser to insist that any new patents for improvements, &c., should be applied for and taken out in the joint names of the parties, and afterwards assured so as to vest in him the exclusive benefit thereof for the district (g).

(c) As to qualified covenants and covenants for title generally, see Elph. N. & C. Chapter 30. As to improvements, &c., see *ante*, pp. 33—36, and as to extensions, see sects. 25 and 46 of the new act (*Appendix, post*), and *ante*, pp. 19, 20.

(d) Johns. P. M. 224.

(e) See *ante*, pp. 19, 20, and sects. 18—21 of the new act, *post*, pp. 312, 313.

(f) See p. 34, *ante*.

(g) See pp. 33—35, *ante*, as to improvements, &c., being comprised in a purchase, and the different modes in which this can be done.

And as to
extensions.

This is recommended of course in order to prevent dealings with any new patent adverse to the assignee, which might occur if the assignor obtained the grant in his own name alone (*h*). The covenant as to improvements, &c. (except as to special remuneration and the obligation of the assignor actually to take out any patent in respect thereof), and the covenant as to extensions (except as to the obligation of the assignor to apply for them), will, but limited to the district, be the same respectively as on an assignment of the entirety of a patent.

Payment of
renewal fees.

The assignor of a patent for a district, if he retains the remainder of the patent, should covenant to pay the renewal fees well within the prescribed times, and give due notice to his co-owner or co-owners of every such payment when made, or permit him or them to pay the same, and to repay the sums so paid on demand, and until repayment to charge them together with interest on his interest in the patent (*i*). In consequence of the rule that the law will not create a covenant respecting a personal thing (*j*), and also because of the impossibility with any degree of accuracy of apportioning the amount of the fees between the various co-owners, such a covenant cannot properly be dispensed with (*k*). As no provision is made by the new act for apportionment of the renewal fees in the case of an assignment for a district or otherwise, the assignee, in default of payment by the assignor, must, in order to save the patent, pay the entire amounts, which he would no doubt prefer to be the annual ones (*l*). The covenant to pay the renewal fees should however, it is submitted, be modified by a proviso relieving the assignor or his assigns from the liability in case the assignee or his assigns should for a lengthened period cease to work the invention (*m*).

(*h*) See p. 29, *ante*.

(*i*) Where the district is the only one for which the patent is held by the assignor, the assignee, if allowed the custody of the patent, should covenant to pay the renewal fees, and give an acknowledgment and undertaking as to the production, &c., of the patent for the benefit of the co-owners.

(*j*) Com. Dig. tit. Covenant (A. 4); Hindmarch, 243. This rule is of course modified to some extent by statutory enactments and by the practice of conveyancers. As to the latter, see *post*, p. 196 (Chapter on "Licences").

(*k*) As to the contribution towards the fees when the patent is divided into shares, see *post*, p. 122.

(*l*) See lists of fees, pp. 329, 344, 357, *post*.

(*m*) For the covenant and proviso, see *Assignment II.*, p. 140, *post*.

The next covenant to be inserted is that the assignor or his assigns will not amend or seek leave to amend the specification (n) without the consent of the assignee or his assigns. This is important only probably as to the seeking leave to amend, and not as to the actual amendment, which would, it is submitted, not be affected without the citation or appearance of all the legal owners of the patent. At any rate it seems advisable for the parties to be agreed as to the nature of the amendment (if any). It should be stated, however, that the consent to the amendment shall not be arbitrarily withheld, in order that the assignee shall not be able to make a bargain (o).

No amendment of specification without consent of assignee for the district.

Lastly, the assignor should give an acknowledgment or undertaking as to the right of the assignee to the production of the letters patent, and to the delivery and right to take copies thereof (p).

Production, &c. of the letters patent.

After the owner of a patent has assigned it for a district, he is relieved from the necessity of taking or permitting legal proceedings to be taken in his own name in the event of an infringement within the district (q), as no doubt by force of sect. 36 of the new act the assignee may in his own name undertake such proceedings. Again, by means of an assignment for a district, a partition of a patent can be made by co-owners, by force of which they are relieved from the necessity either of working the patent in co-partnership, or of coming to an arrangement (more or less complicated) as to the working of it by each owner separately (r). Where royalties

Comparison of advantages between assignments and exclusive licences for districts.

(n) As to amendment of specifications, see sect. 18 of the new act (Appendix, *post*, p. 312), and *ante*, p. 18.

(o) See Chapter on "Licences," *post*, pp. 202, 213.

(p) See sect. 9 of the Conveyancing Act, 1881 (Appendix, p. 373, *post*). By sect. 40, sub-s. 2, of the new act (Appendix, p. 318, *post*) the comptroller is to keep on sale copies of complete specifications.

(q) See *Renard v. Levinstein*, 2 Hem. & Mil. 632, as to the right of an exclusive licensee to apply in the name of the owner of the patent for an injunction to restrain infringement on his indemnifying the latter against the costs of the proceedings.

(r) As to the powers and obligations of co-owners of a patent *inter se*, and the difficulties as to, and provisions necessary to be provided for, the working of it by each owner separately, see *post*, pp. 118—126.

Where the owner of a patent manufactures and sells the patent article in a foreign country as well as in England, the sale of the article in one country implies a licence to use it in the other, but if the owner has assigned his patent in either country the article cannot thereafter be sold or used so as to

or premiums by instalments or other sums are to be paid periodically or covenants are to be observed or performed, it will be found advisable for the owner of the patent, in order to protect his interests more fully, not to make an assignment but to grant an exclusive licence for the district, which may be made determinable by notice of the licensor on default in payment of the sums or breach of the covenants. This is advised on the ground that at law an assignment of a chattel or other personal property cannot be limited to a mere interest (s), and therefore that a proviso for defeasance or revocation in an assignment on default being made in the payment of the moneys reserved or on breach of any of the covenants, will be inoperative, except as conferring a right to call for a re-assignment in any such event.

Powers and obligations of co-owners of a patent *inter se*.

Where the terms of a joint patent do not provide otherwise, any one or more of the co-patentees may without the consent or concurrence of the other or others use the invention and not be obliged to account for the profits made thereby, and also may grant licences under the patent. This was decided in *Mathers v. Green* (t), where the grant in the patent was to the grantees their executors administrators and assigns "that they and every of them by themselves their servants and agents and such others as they may agree with and no others may use the invention."

Mathers v. Green.

In *Mathers v. Green*, Lord Cranworth expressed his opinion to the effect that the rights of co-patentees were exclusive as to all

defeat the rights of the assignee (*Betts v. Willmott*, L. R. 6 Ch. 239; *Von Heyden v. Neustadt*, L. R. 14 Ch. D. 230; *Betts v. Neilson*, L. R. 5 H. L. 1; *Société des Manufactures des Glaces v. Tilghman's Patent Sand Blast Co.*, L. R. 25 Ch. D. 1; *Nobel's Explosives v. Jones*, L. R. 8 App. Cas. 5). The principle involved in these decisions seems applicable to the case of an assignment for a district as between the district owner, on the one hand, and the owner or any of the owners of the remainder of the patent, on the other hand. If this be so, it is to be presumed that an exclusive licensee would be on the same footing in this respect as an assignee, and that in order that the licensee or assignee should be entitled to protection against the sale or use of the patent article within the district, his licence or assignment should be registered before the sale of the article, unless the purchaser had actual or constructive notice of the licence on assignment before he purchased. Refer to pp. 182, 183, as to exclusive licences.

(s) See Williams, P. P. (Introductory Chapter and Chapter on "Settlements").

(t) L. R. 1 Ch. 29, overruling Lord Romilly, M. R., in L. R. 1 Ch. 29, on the above point.

the world but themselves, and that, in the absence of express contract between them, there was no implied contract that a co-patentee should not use the invention without the consent of the others, and that a doctrine to the contrary of this would enable one co-patentee either to prevent the use of the invention altogether, or else to compel the other co-patentees to risk their skill and capital in the use of the invention on the terms of being accountable to him for the profits (if any), without their being able to call upon him for contribution if there should be loss. The question as to the liability of a co-patentee to account for any royalties or other sums received by him under licences granted by him was not actually dealt with by the court, as Lord Cranworth considered that no evidence had been furnished that any royalties had become payable. Lord Romilly however in the court below had decided that the co-patentee was so liable (u).

As some skill and capital is generally required in order to induce persons to become licensees, it might be thought that the above observations of Lord Cranworth on the question of accounts would equally apply to the granting of licences, and therefore that a co-patentee would not be liable to account for moneys received from licences granted by him. If such a rule obtains, which is doubtful, a co-patentee would derive no advantage whatever from the patent unless he took an active part in working it. As there has been no later case on the point, Lord Romilly's decision cannot be treated as overruled.

Accounts as
to royalties
under
licences.

It may therefore be considered that a co-patentee is a trustee for the others of their shares in the moneys receivable under the licences granted by him alone, and therefore that the licensees will not be concerned to see to the distribution of such moneys (v). The licences cannot of course as against the other co-patentees be exclusive ones. The above decision in *Mathers v. Green* may no doubt be taken to apply also to the case of co-owners who or some of whom are not the actual patentees (w).

(u) L. R. 1 Ch. 29.

(v) See sect. 36 of the Conv. Act, 1881, as to trustees' receipts. The salient words there seem to be "payable . . . under any . . . power."

(w) Mr. Lawson (notes to sects. 4 and 87) thinks that the power of the single co-owner to grant licences must depend on the words of the patent itself, and that a valid licence can now only be made with the concurrence of all the grantees whose names appear on the register. Reference to sect.

Difficulties of co-owners working separately where no special provisions.

Where a patent has been divided into unequal shares and no provisions have been made for the working of it by all the co-owners in partnership or by each separately on his own account, it will follow, from what has been before stated, that the owner of (say) one-third part of the patent will not (except perhaps as to licences) be on a superior footing to the owner of (say) one-hundredth part of the patent. Hence special provisions should be inserted in any deed by which the owner of a patent assigns an unequal share (a) therein, so as to bind (if possible) not only the parties themselves, but all future owners to account to each other for the profits made by them respectively, and to grant or concur with the others in granting licences in the prescribed manner.

Such provisions are personal covenants not generally binding the assigns.

These provisions being in the nature of mere personal covenants will bind the parties themselves or their legal personal representatives even after assignments by them respectively, unless it be otherwise provided, but will not as of course bind the assigns or future owners (b). Where the provisions relate to paying moneys out of the profits of a share and rendering accounts in respect of such profits, it seems that the assigns of either party taking their assignment with notice of such provisions would be bound thereby. Thus, in *Werdermann v. Société Générale d'Electricité* (c), it was

87, however, will, it is submitted, show that no attempt is made to define the rights of the proprietors *inter se*, and that the powers there given to them are to be exercised as against other persons. The decision of Jessel, M. R., in *Powell v. Head*, L. R. 12 Ch. D. 686 (cited by Mr. Lawson, p. 184, in his notes to sect. 87 as being applicable by way of analogy to the case of designs and inventions), related to the co-ownership of a copyright in a dramatic entertainment. The decision there was that under the act of 3 & 4 Will. 4, c. 15, one part owner could not grant a licence for representation without "the consent" of the other owners. No such consent, however, is mentioned in sect. 87 of the new act (p. 322, *post*), the salient words there being "subject to any rights appearing from such register to be vested in any other person." Mr. T. Aston (p. 2 of his work) considers that any co-patentee might grant a licence, and, it would seem, on such terms as he might think fit, but that probably he would be compelled to account for royalties, and that no certain answer could be given as to whether such a licence would be a good defence in an action for infringement brought against the licensee by another co-patentee who had not joined in the licence.

(a) As to the assignment of a *moiety* of a patent by the owner of the entirety, see next page.

(b) See 4 Cru. Dig. by White, 472, cited by Davidson, *Proc. Conv.* Vol. I. (Introduction), and also *Shep. Touch.* 161, as to the nature of personal covenants.

(c) L. R. 19 Ch. D. 247.

decided that, under a covenant by an assignee of a patent on behalf of himself and his assigns to pay the assignor a percentage on the profits and furnish accounts, the assigns of the assignee who had taken with notice of the agreement, were bound to furnish the assignor with accounts and make him the payments (*d*). The assigns of the assignor would as owners for the time being of the share of the profits be also entitled to payment and accounts in respect thereof.

A mutual covenant between the co-owners of a patent as to the granting of licences in variation of their existing rights in this respect would not it is presumed be binding on the assigns of any co-owner, even if they were mentioned in the deed or whether they took with notice or not. The assigns however would probably be bound to account to each other for the moneys received under licences granted by them respectively.

Covenant as to grant of licences.

A deed of assignment of a share of a patent usually contains a covenant by the assignee to perform and observe the stipulations (if any) which bind the assignor and to indemnify him from future breaches thereof. In the absence of such a covenant the assignee will apparently, as a general rule, be bound to give such an indemnity (*e*). Further, the acts of the new owners might be such as to imply an adoption of some of the stipulations at least so as to form a new contract in respect of them (*f*).

Covenant by assignee to perform obligations of assignor.

In the case of a patent being held by two grantees, or of an assignment of a moiety of a patent by the owner of the entirety, elaborate provisions for the separate workings are often omitted,

Division of patent into equal moieties (separate working).

(*d*) On this case, see *post* (Chapter on "Licences"), pp. 185, 186, tit. "Covenants, how far binding on assigns." The decision *semble* is on the ground that the patent and its *fruits* were virtually *charged* with the payments. When the royalties are mere gross sums not charged on the patent the assigns would not be bound *semble*.

(*e*) In *Waring v. Ward*, 7 Ves. Jr. 337, it was held that, independently of contract, a purchaser of an equity of redemption was bound to indemnify the vendor against the mortgage debt. Dart, p. 557, 3rd ed., says, "it may be laid down as a general rule that whenever he [the vendor] is personally subject to liabilities, either in respect of the estate or for the performance of which the estate stands as a security, the purchaser taking the estate must undertake the liabilities and covenant to indemnify the vendor against them."

(*f*) See Chitty on Contracts, Sect. II. p. 57 *et seq.* (11th ed.), as to contracts implied from the acts of parties. As to a licensee's covenants binding his assigns, see *post*, pp. 185, 186, where the observations will also apply to the matter above.

as reliance seems to be placed on the circumstance that both parties then start on a footing of equality and have the same chances in dealing with the public in respect of the patent. Thus the conditions of separate working of a patent by co-owners of moieties are occasionally made to relate only to the payment of the renewal fees, the joint granting of licences at premiums or other capital sums, and the joint benefit of improvements or additions to the invention or discoveries useful for the manufacture of the patent article made by either party (*g*). In all other respects each co-owner is left to deal with his share in the patent as he shall think fit. As these conditions will not provide for the difficulties that may arise in the event of there being a sub-division of either moiety, whereby the patent becomes divided into unequal shares, it is advisable to have an arrangement as to the division of a patent into equal shares similar to that which is usually made in the case of a division into unequal shares as mentioned in this and the next few pages.

Division into unequal shares—Separate workings—No trustees.

Where a patent is by assignment or agreement divided into unequal shares, and it is intended that each owner may work the patent as to his share separately from the others without the introduction of trustees, the covenants and provisions usually inserted may be taken to be such as are now to be mentioned (*h*).

Each owner to pay share of fees.

Each owner should covenant to pay his proper proportion of the renewal fees, and should charge his share in the patent with the repayment of any moneys which may be paid by any other owner on his behalf in this respect. In the absence of such a covenant it is presumed that no owner will be bound to contribute with the others towards the payment of any fee, unless he assumes to use the patent for any part of the period for which the fee is paid, or otherwise obtains some benefit from the payment of it by the others (*i*). The covenant virtually makes it obligatory on each

(*g*) See *Agreements IV.* and *VIII.*, *ante*, pp. 70, 82, and *Assignment III.*, *post*, p. 142. In *Agreement VIII.*, *ante*, p. 82, the division into equal moieties is varied by providing for a partial partition of the patent, *i. e.* by the assignment of the patent for a certain district to each party absolutely.

(*h*) See *Assignment IV.*, *post*, p. 144, as to an assignment of a twelfth share of a patent, in which are contained these covenants and provisions.

(*i*) The law will not create a covenant respecting a personal thing (*Com. Dig.* tit. "Covenant," A. 4; Hindmarch, 243; and *ante*, p. 116, *note*). The claim to contribution might, perhaps, be supported by applying the maxim,

owner to contribute to the payment of the fees so long as any other owner is willing to keep up the patent, but a proviso to that effect might, for the sake of clearness, be inserted (*k*).

With regard to the granting of licences, it should be provided that this should be done only by all the owners jointly, who are to share all benefits therefrom in proportion to their shares (*l*). The case of a licensee taking his licence from a single co-owner without having notice of such a provision need hardly be considered, as it is assumed that the deed of assignment or arrangement will be registered immediately after execution (*m*). Licences to be granted jointly.

With regard to the manufacture by each co-owner himself of the patent articles, it should be provided that every article so manufactured shall, when manufactured (or sold), bear a royalty which shall be divided amongst the owners generally (including the manufacturer) in proportion to their shares. The amount of this royalty should generally be such as would be charged to a licensee who paid no premium. Where this royalty is put on the manufacture and not on the sale of the article, it should be fixed lower than the royalty in the latter case, so as to allow for the article remaining unsold for a time. A royalty placed on the manufacture seems, however, the most convenient incidence, as the articles are freed (so to speak) at the earliest opportunities, and no delay in the final settlement of accounts will be caused by there being unsold articles in the possession of any owner. Where the royalty is placed on the sale, it should be provided that unsold articles in hand on the final winding-up shall bear a lesser royalty than that payable on a sale, and in lieu of the latter royalty. Each owner to pay royalties on articles made by him.

“Qui sentit commodum sentire debet et onus.” See *Strelly v. Winson*, 1 Vern. 297; and *Green v. Briggs*, 6 Hare, 395, which are cases as to the obligations, *inter se*, of co-owners of ships; and Lindley on Partnership (4th ed.), pp. 63–69; as to remedies of co-owners *inter se*.

(*k*) Where an owner objects to have the patent renewed, and cannot sell his share, he should agree with the other owners to assign or release the share to them respectively in proportion to their shares, on condition of being released from his covenants.

(*l*) See *ante*, p. 118, as to the grant of licences by co-owners separately.

(*m*) As to registration, see *ante*, pp. 23–25, and *post*, pp. 132, 133. As to constructive notice, see Dart's Vendor and Purchaser (Chap. XV., sect. 5), and cases there cited, especially as to the neglect of a purchaser (of land) to investigate the title, relying on the mere assurance of the vendor (*Jackson v. Rowe*, 1 Ph. 255; *Neesom v. Clarkson*, 2 Hare, 173; *West v. Reid*, 2 Hare, 260. See also Conveyancing Act, 1882, sect. 3, *post*, p. 383).

Other provisions.

Provisions as to the use of the patent mark, the keeping and furnishing of accounts, and allowing inspection of the books, the periodical delivery and settlement of accounts, the inspection of the factories or places of business of the different owners, and the benefit of improvements or additions to the invention or discoveries useful for the manufacture of the patent article (*n*) and an acknowledgment and undertaking by one of the parties as to the custody and production of the letters patent, should be inserted in the deed. A reference as to the non-implication of a partnership between the parties is unnecessary, as no owner will be an agent of the others, and the profits are not to be divided between the owners (*o*).

Assignment to trustees for owners; nature of.

Where no partnership is intended, the introduction of trustees on a division of a patent into shares is no doubt the only satisfactory method (if any) by which the mutual rights of the owners for the time being can be properly regulated. In the plan now under consideration, the principal object sought to be effected is the reduction, practically, of the ownership of the shares in the patent itself to that of interests only in the net proceeds of sale or profits to be obtained from it. The share of each owner is thus charged for the benefit of all the owners with the current expenses of the arrangement, in priority to his obtaining any benefit for the time being from his share in the patent. Each owner also parts with his right to use the patent except by way of licence from the trustees. A purchaser therefore of any original owner's share takes it according to its nature and subject to the charge. Except as to any licence granted to him, the only active obligations of an owner are made to be those relating to his contribution towards the expenses in case the trust fund for the time being shall be insufficient for that purpose, and the bringing into the trusts all improvements, &c. made by him.

Assigns of owners to

As a step towards binding the assignee of any share to perform

(*n*) The benefit is to all the owners of all improvements, &c., made by each one; and the new inventions and patents in respect thereof are to be subject to the provisions of the deed as if part of the premises. See Clause 5 of *Assignment IV.*, p. 145.

(*o*) See Lindley on Partnership (4th ed.) pp. 33—54 ("Quasi-Partnership"). The Partnership Law Amendment Act, 1865 (Appendix, *post*, p. 368), does not affect the case.

For a provision as to bad debts, see the next paragraph.

For an arbitration clause, see Form 24, p. 55, *ante*.

obligations in respect of it, it is found advisable to insert in the deed as parties "every person who shall become an assignee of a share in the trust property and execute [the deed] or otherwise assent to be bound by it." The execution of the deed by an assignee provided thereby to be made a party may not be the only evidence of his having assented to it, as his acts, apart from the deed, may be sufficient for this purpose (p). This would no doubt be so where the assignee taking the benefits under the deed interferes with or attempts to control, as provided by the deed itself, the trustees in the execution of any trusts, if such action can be only referable to the deed. As the assignee would be bound to indemnify the assignor (q) the former might be forced to do some overt act by which he would be bound to the trustees to conform to the deed should he not execute it. In the precedent carrying out the scheme (r) the definition of owner is inserted, from which it follows that a beneficiary of a share is not to be recognized until he has executed or otherwise assented to be bound by the deed in respect of his share, for, until such assent be given, the last previous beneficiary who had so assented is to be deemed to be still the owner.

execute the deed ;

but they might be bound by their acts.

The patent then is to be assigned to trustees who, by means of licences to all or any of the owners for particular districts, and to other persons (if thought fit), or by sale of the patent either in the entirety or for any districts, will from time to time receive moneys which, after satisfaction of all current costs and expenses relating to the patent and the trusts, will be divisible amongst the owners periodically in the specified proportions. Except by means of a licence from the trustees, no owner is to use the invention. The licence to each owner should be on the same footing as that to a stranger except that no premium should be made payable. The power of sale is to be exercised at the request of a majority in value being (say) one third at least in number of the owners for the time being, and the respective terms of the sale are to be settled or at least approved of by the persons composing the same or another like majority.

Duties of trustees : to grant licences to owners or strangers, or sell patent at request of owners ;

(p) As to a party to a deed who, taking the benefit of it, is bound by it, though he does not execute it, see Co. Litt. 230 b ; *Rex v. Houghton-le-Spring*, 2 Barn. & Ald. 375 ; *Burnett v. Lynch*, 5 Barn. & Cress. 589 ; *Webb v. Spicer*, 13 Q. B. 886 ; *Witham v. Vane*, 44 L. T. N. S. 718 (1881, C. A.).

(q) *Ante*, p. 121.

(r) *Assignment V.*, *post*, p. 148.

to pay ex-
penses, defend
patent, &c.

The duties of the trustees beyond the granting of licences and receiving the royalties and doing other acts in relation thereto, will be to pay or provide for the current costs and expenses, and (if thought fit) any approaching or contingent liabilities in respect of the trusts, and to take or defend proceedings in relation to the patent, and to obtain (where necessary) from each owner his contribution towards such costs and expenses, and to deliver and settle the accounts periodically.

Contribution
of owners to
expenses.

Where the trust moneys are insufficient for the expenses, the trustees, while having a lien on the patent for the deficiency, are to be entitled to demand the same from the owners generally without regard to the amount of their respective shares(s), but as between the owners themselves the contribution is to be according to the shares. Further, each owner is to have a charge on the share of any other owner in the patent and trust moneys for any sum paid by him in respect of such share in excess of his proper contribution.

Remunera-
tion of
trustees. Ap-
pointment of
new trustees.

Provision is also made for the remuneration of the trustees out of the trust funds from time to time, and for any majority in value being (say) one-third at least in number of the owners for the time being, to remove any trustee or to appoint new trustees.

Assignment
of a share by
patentee, but
he alone to
work patent.
Nature of
reservation.

If a patentee assigns a share only, and it is agreed that he (say) shall alone work the patent, a licence to use the share can be granted by a separate deed, or the deed of assignment itself can provide for the sole working of the patent. In the latter case, it seems advisable in the operative part of the assignment, to *reserve* to the assignor the right to use the share according to the prescribed conditions. The right thus reserved being a legal one, a notification of it can be made on the register (t). For convenience of language, however, this right may be treated as being conferred by way of licence, although it is presumed that an assignee cannot by the same deed make a legal disposition of any part of the premises assigned. The assigns of the assignee would then virtually obtain the share subject to the licence, which they could not revoke, except as prescribed by the deed. The obliga-

(s) This is necessary for the convenience or protection of the trustees in case of the absence from the kingdom, or the default or bankruptcy of any owner.

(t) See sect. 85 of the new act as to the non-registration of trusts.

tion, however, of the assigns of the assignor to perform and observe the conditions as before stated with regard to the assignment of shares generally (*u*) is not so certain, but breaches in this respect would, on the exercise of the power of revocation mentioned later, involve the revocation of the licence. The assignee, moreover, would rely on the expressed or implied obligation of the assigns to their assignor to perform and observe the conditions and indemnify him against them (*x*).

These conditions can be made of a simple nature (*y*). Let the duration of the licence be made co-extensive with that of the patent and any extension of it. It will be suitable to give the assignor alone power to grant licences at fair royalties only, but not at premiums. The assignor should, of course, covenant to pay to the assignee his share of the royalties, and also a like share of some fixed royalty on every patent article manufactured by the assignor personally. In order to enable the assignee to have a voice in any assignment by the assignor of any part of his interest in the patent or licence, there should be a condition that, except by way of granting licences as above mentioned, the assignor shall not without the consent of the assignee dispose or attempt to dispose of his interest or any part of it. The breach of this condition will by force of the proviso as to revocation enable the assignee to rescind the licence. Provisions relating to accounts, the inspection of the factory, the payment of renewal fees, and the bringing in of improvements, &c. will of course be inserted. The power of revocation should be made exerciseable on default being made in the payment of the assignee's share of any royalties for a certain period after they shall have become due respectively, or on the bankruptcy of the assignor, or the breach by him of any of the conditions other than as to the payment of moneys, and, where such breach is remediable, on his failure after due notice to make the breach good (*z*). The effect of the revocation, unless the assignee had purchased the larger or an equal share of the patent will, as before mentioned, place him at a great advantage over the

Conditions
for working.

(*u*) *Ante*, p. 120.

(*x*) As to the implied obligation, see *Waring v. Ward*, 7 Ves. Jr. 337, and *ante*, p. 121.

(*y*) See *Assignment VI.*, *post*, p. 154.

(*z*) Perhaps also add the event of the assignee not receiving any half-year some minimum sum as his share of the profits.

assignor as to the future working of the patent by the parties separately (a).

Assignment
of a licence.

Two precedents of assignments of licences are given in this work in the respective cases of the licensor not being a party and of the reverse (b). The object of making the licensor a party is of course to enable him to obtain direct covenants from the assignee, and also (where necessary) to testify his consent to the assignment. The question as to how far the covenants by a licensee are binding on his assigns are considered in the Chapter on "Licences," *post*, pp. 185, 186.

Where
licensor not a
party.

Where the licensor is not made a party the assignment of the licence is of a simple nature. There is a qualified covenant by the assignor that the licence is valid and that the covenants and conditions have been performed up to date. As the licensee's (assignor's) covenants are personal to him and binding throughout the term notwithstanding the assignment, the purchaser covenants to perform and observe them for the future and to indemnify the assignor against the breach of them.

Where
licensor is a
party.

Where the consent of the licensor is necessary to the assignment, he should be made a party to testify his consent and confirm the licence, and also enter into a qualified covenant that the licence is valid and that he has full power to confirm it. In consideration of the consent confirmation and covenants by the licensor, the purchaser should covenant with him as well as with the assignor to pay all future royalties and other sums reserved, and thenceforth perform and observe the licensee's covenants. The presence of these covenants by the purchaser will not probably have the effect of absolving the licensee (assignor) from his liability under the same covenants, but a proviso that such liability shall still continue had better be inserted.

Mortgage of
a patent.
Recitals and
absolute
covenants for
title and
validity.

A mortgage of a patent is usually made to contain or have implied in it all such recitals and covenants for title, and as to the validity of the patent, as would be inserted or are to be implied in an assignment of a patent, but in absolute terms (c). As to the covenants this practice is in accordance with the principle generally

(a) *Ante*, p. 120.

(b) *Assignments IX.* and *X.*, *post*, pp. 161, 163.

(c) Compare the recitals and covenants in *Assignment I.* and *Mortgage I.*, *post*.

observed in mortgages of land and other kinds of property, which is to give a warranty of title against all the world (*d*). If therefore recitals are used at all in a mortgage deed, the first is generally that the grantee of the patent was the true and first inventor (*e*). The covenants for title from the beneficial owner are to be implied from the use of the expression "as beneficial owner" in the assignment to the mortgagee (*f*). Beyond the covenants for the payment of principal and interest, the first express covenant is as to the absolute validity of the patent. Other covenants by the mortgagor are to pay the renewal fees well within the prescribed times and otherwise to keep up the patent, and also to furnish the mortgagee with the receipts for all payments. The mortgagee is of course to be at liberty to prevent the lapse of the patent, if necessary, by himself making any payments or doing other things for that purpose. In the absence of contract the mortgagee would be able to charge the mortgagor with the expenses incurred by the mortgagee in maintaining the patent (*g*). The mortgagor is to do his best to detect every suspected or actual infringement of the patent rights and to speedily inform the mortgagee thereof, and (if required) to take proceedings or permit the mortgagee to take proceedings in respect of the infringement. Expenses incurred by the mortgagee in respect of the premises are charged on them, and together with interest are made either repayable on demand, or, if the deed provides for further advances, sometimes treated as actual advances. A power of sale and other powers will be implied by force of the Conveyancing and Law of Property Act, 1881 (*h*).

Covenants as to payment of fees and maintenance of patent.

To detect infringements and take proceedings or permit mortgagees so to do. Implied powers of sale and other powers.

As to the grant of licences by a mortgagor, it must be noticed that he is in a similar position to a mortgagor of land before the

Grant of licences by mortgagor.

(*d*) See Davidson, Vol. I. (Introduction). It is there said, that as the mortgage deed always contains separate covenants for payment of principal and interest, there is no good reason why the covenants for title should not be restricted in mortgage deeds the same as in conveyances on sales.

(*e*) See *ante*, pp. 111—113, as to recitals in assignments.

(*f*) Sect. 7 of the Conveyancing Act, 1881, sub-s. C (Appendix, *post*, p. 371). If a trustee assigns he only covenants against his own acts and omissions (sub-s. F).

(*g*) See Coote on Mortgages (by Mackeson, 1880), p. 795, as to a mortgagee's claims for expenses incurred in maintaining the property.

(*h*) See sects. 19—24, *post*, pp. 375—377, as to implied powers in a mortgage deed.

last-mentioned act came into operation (*i*), and can only grant licences which are voidable at the instance of the mortgagee as not taking effect out of the legal estate (*k*). Besides, such a licence cannot apparently be registered (*l*), although it may be good by estoppel as between the mortgagor and his licensee (*m*). So licences by the mortgagee alone are liable to repudiation by the mortgagor after he has redeemed (*n*).

Provision that mortgagor may grant licences until power of sale exerciseable.

It is suitable then (if not usual) to provide in a deed of mortgage of a patent (*o*) that, until the mortgagee shall become entitled to exercise the implied power of sale (*p*), the mortgagor may use the invention, and may, in the joint names of himself and the mortgagee (as the attorney of the latter so far as necessary but without involving him in any personal liability), grant licences (*q*) to use it at the highest rent or royalties but not at premiums, and that each licence shall contain provisions enabling the licensors to determine it on default in payment of any sum reserved or the breach of any of the covenants, and that the licensee shall execute a counterpart. Licences thus granted may as between the mortgagor and mortgagee continue valid beyond the time when the power of sale first becomes exerciseable, and even after sale or foreclosure. The mortgagee is thus relieved from the necessity of seeing to the working of the patent and the grant of the licences so long as he is content to let his money remain on the security. The licensees will be deemed to have had notice of the terms of the power if the mortgage is

(*i*) By sect. 18 a mortgagor of land while in possession has certain powers of leasing.

(*k*) See *Cuthbertson v. Irving*, 4 Hurls. & Norm. 742; affirmed on appeal, in 6 *Ibid.* 135, as to the analogous case of a lease of land by a mortgagor.

(*l*) See *ante*, pp. 23, 24, and *post* ("Licences"), p. 184, as to registration.

(*m*) *Cuthbertson v. Irving*, *supra*.

(*n*) Coote on Mortgages (by Mackeson, ed. 1880), p. 740. Where there is an absolute necessity for a mortgagee alone to grant a lease (if any at all is to be granted), it seems that he may grant one binding on the mortgagor (*Ibid.* citing *Hungerford v. Clay*, 9 Mod. 1).

(*o*) See a form of such a proviso in Key and Elphinstone, Vol. II., p. 365 ("Mortgage of a Patent").

(*p*) See sect. 20 of the Conveyancing Act, 1881 (Appendix, *post*, p. 376), as to when this power becomes exerciseable. The conditions in that section may, by sect. 19, sub-sect. 2, be varied or annulled.

(*q*) Exclusive, and partially exclusive, licences are, as a rule, to be accepted, unless where the mortgagee actually assents.

notified on the register. As the power is a legal right being in the nature of licence from the mortgagee (the legal owner) it is presumed that it can be specially notified on the register (*r*). Particulars in writing of the grant of any such licence are then to be furnished the mortgagee within a few days after the grant.

The time when the power of sale first becomes exerciseable will conveniently be the earliest time when the mortgagee can be held entitled to use the patent rights (*s*). It is therefore provided that from and after that time he may alone use the invention and grant licences, but no restriction whatever is placed on the nature or extent of such licences, and it is usual expressly to give the mortgagee power to grant licences exclusive, non-exclusive, or otherwise, at any royalties or premiums or for such terms of years and other conditions as he may think fit. This provision should then be followed by a proviso protecting the licensee from inquiries as to whether the mortgagee was entitled or not to grant a licence binding on the mortgagee.

Provision as to licences by mortgagee.

Finally, there should be a covenant by the mortgagor to bring into the security all improvements or additions to the invention or any new discoveries made by him useful for the manufacture of the patent articles and also any extension of the patent.

Improvements, &c. to form part of security.

The form of a mortgage of a licence where the licensor is not made a party, is somewhat similar to that of a mortgage by assignment of a lease (*t*). In addition to the covenants for payment of principal and interest, there is an absolute covenant by the mortgagor as to the validity of the licence and the performance and observance of the licensee's covenants up to date; and for the future performance and observance of them during the continuance of the security. Where the licensee (mortgagor) is by the terms of the licence at liberty to grant sub-licences, provisions similar to those mentioned above (*u*) as to the use of the invention by the mortgagor of a *patent* and the grant of licences by the mortgagor and mortgagee, should be inserted. Where there is no such power

Mortgage of a licence.
Where licensor not a party.

(*r*) As to registration, see sects. 23, 85, and 87 of the Act of 1883, Appendix, *post*, pp. 313, 321, 322, and *ante*, pp. 23—25. As to constructive notice, see sect. 3 of the Conveyancing Act, 1882, Appendix, *post*, p. 383.

(*s*) See sect. 20 of the Conveyancing Act, 1881, as to the time when the power of sale is first exerciseable.

(*t*) See *Mortgage III.*, *post*, p. 175.

(*u*) See last two pages.

to grant sub-licences, a proviso merely for quiet enjoyment by the mortgagor until the day fixed for redemption may perhaps be inserted (*x*). A covenant for quiet enjoyment by the mortgagee after that date will be implied from the use of the words "as beneficial owner" (*y*).

Where
licensor is a
party.

Where the consent of the licensor to the mortgage is necessary, he should make himself a party in order to obtain a covenant from the mortgagee that, so long as he or his assigns shall be in possession of the premises or in the receipt of the profits under it, whether during the continuance of the security or after foreclosure or (as regards the assigns) the sale of the licence, he or they will perform and observe the licensee's covenants (*z*). This obligation of the mortgagee should be made to cease as to the future performance &c. of the covenants, if on his transfer of the mortgage or sale of the licence (with the consent of the licensor), he procures for the licensor a substituted like covenant (so far as applicable) from the transferee or purchaser. The licensor in fact consents to the mortgage on the condition that such a covenant shall be entered into (*a*). The insertion of this covenant will not of course absolve the licensee (mortgagor) from his obligations under the licence, but a proviso that such obligations shall still continue may conveniently be given. As the licensor is made to confirm the licence, it is only reasonable that he should give a qualified covenant as to the validity of the patent and his power to confirm the licence.

Registration
of assign-
ments and
mortgages.
Not compul-
sory except as

The registration of an assignment is apparently intended merely for the benefit of the assignee as against third persons and is not compulsory, so that the omission to register will not affect the validity of the assignment as between the parties (*b*). Such a rule

(*x*) In Davidson's Precedents, Vol. II. Part II. (Introductory Chapter), it is stated to be the modern practice to omit such a proviso, where the redemption day fixed is only six calendar months off, as the protection of the mortgagor for so short a period is of little or no account.

(*y*) Sect. 7, sub-s. 1 (C), of Conveyancing Act, 1881 (Appendix, *post*, p. 370).

(*z*) As to covenants in a licence binding the assigns of the licensee, see Chapter on "Licences," *post*, pp. 185 *et seq.*, and also *ante*, pp. 120, 128. *Mortgage IV.*, *post*, p. 177, is a precedent of a mortgage of a licence to which the licensor is a party.

(*a*) See Chapter on "Licences," *post*, pp. 213, 214, as to the consent of the licensor being given upon terms.

(*b*) See sects. 23 and 87 of the Act of 1883, *post*, pp. 313, 322, and P. B. 1883, Rule 65 (*post*, p. 342). A mortgage is notified as an absolute assignment.

obtains in the case of registration of assurances of land and is no doubt in accordance with the principles of equity (c). Moreover the new act allows for the existence of equitable rights and interests notwithstanding the record on the register (d).

against third parties.

In *Hassall v. Wright* (e), Malins, V.-C. held that under the Act of 1852 an unregistered assignment was good as between assignor and assignee. An assignee could not however have maintained an action for infringement against a third party until his assignment was registered (f). If such an action can now be maintained, then, as the new act (g) provides that before such registration the existing registered proprietor shall have power absolutely to deal with the patent, a defendant will be liable to be sued at one and the same time by the assignor and assignee (h). In *Hassall v. Wright*, it was decided that an assignor might also maintain an action against licensees from the assignor who had taken their licences subsequent to and with notice of the unregistered assignment. This decision is probably applicable also to cases under the new act.

It has not been decided if the registration of an assignment will relate back to the date of the assignment, so as to enable the assignee to maintain an action to restrain infringements committed after the date of the assignment but before the registration. In *Hassall v. Wright*, it seems to have been the Vice-Chancellor's opinion that such relation occurred, but it was not necessary for him to decide the point. It is submitted that this opinion was correct, and that such relation also occurs under the new act, but that protection would be given to persons taking licences from the assignor between the dates of the assignment and registration without notice of the assignment (i).

Registration will relate back to date of document, *semble*.

(c) In Lawson, p. 224 (note to P. R. 1883, Rule 65) the opinion is expressed that the registration of assignments is compulsory in order to their validity, not merely as against third persons, but also as between the parties themselves. Under the old law, registration was not compulsory. (*Hassall v. Wright*, see text above) as between the parties themselves.

(d) Sect. 87.

(e) L. R. 10 Eq. 510.

(f) *Chollett v. Hoffmann*, 7 Ell. & Black. 686; and see registration generally under the old practice, *ante*, pp. 8, 9. See *Ellwood v. Christie*, 10 Jur. N. S. 1079, as to registration of probate by executors after their assignment of the patent.

(g) Sect. 87.

(h) *Chollett v. Hoffmann*, *supra*.

(i) As to registration under the old and present practices, and the rectification of the register, see Introductory Chapter, *ante*, pp. 8, 9, 23—25.

ASSIGNMENTS AND MORTGAGES.

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I.

FORM. I. ASSIGNMENT of a PATENT with benefit of IMPROVEMENTS, &c.
(Ordinary Form) (a).

Recitals.

Claim to be
inventor.

Grant.

Devolution of
title.

THIS INDENTURE made the ——— day of ——— 18—
BETWEEN A. B. of &c. (hereinafter called "the assignor") of the
one part and C. D. of &c. (hereinafter called "the assignee") of
the other part: WHEREAS the assignor claims to have been the
inventor of a process for &c. [*title of the invention (b)*]: AND
WHEREAS by letters patent dated &c. and numbered &c. [*recite the
grant of the patent and devolution (if any) of title (c)*]: AND WHEREAS
the assignor has agreed with the assignee for the sale to him at
the price of £——— of the said invention and letters patent and the
exclusive benefit thereof and of all extensions (d) of the said letters
patent and also (subject as hereinafter provided) of all improve-
ments or additions to the said invention or discoveries useful for
the manufacture of ——— now already (if at all) in the know-
ledge and possession of or which may hereafter be made by the
assignor (e). NOW THIS INDENTURE WITNESSETH
that in pursuance of the said agreement in this behalf and in
consideration of the sum of £——— this day paid to the assignor by
the assignee (the receipt whereof is hereby acknowledged) he

Testatum.

(a) As to the contents of an assignment, see *ante*, pp. 111—115.

(b) Where the assignor is not the original grantee, omit this recital. As to the reason and effect of the recital, see *ante*, pp. 111 *et seq.* For this recital, and those of the grant and devolution (if any) of title, insert, if thought fit, one recital only, namely, that the assignor is entitled absolutely to the letters patent mentioned in the schedule. As to recitals generally in an assignment of the entirety of a patent, see pp. 111—113, *ante*; and as to estoppel by recital, see pp. 40, 41, *ante*.

(c) For recitals of grants, see Common Forms, *ante*, pp. 49, 50. Distinguish between the grants of patents under the two procedures.

(d) The right of application for extensions seems to be, as formerly, in the legal owner for the time being of the patent. See definition of "patentee" in sect. 36 of the new act (*post*, p. 317), and, as to extensions, sect. 25 (*post*, p. 314), and p. 19, *ante*. Both sections apply, apparently, to *old* patents.

(e) As to improvements, &c., being included in a purchase, and how provided for, see pp. 33—35, *ante*.

the assignor as beneficial owner (*f*) doth hereby assign unto the assignee ALL THOSE the said invention and letters patent and the sole and exclusive benefit thereof and of all extensions thereof and also all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent (*g*): To HOLD use exercise and enjoy the said invention letters patent and premises unto and by the assignee and his assigns absolutely (*h*): AND THE ASSIGNOR doth hereby covenant with the assignee and his assigns that notwithstanding anything by him the assignor done omitted or knowingly suffered the said letters patent are now valid and subsisting and not void or voidable (*i*): AND ALSO that he the assignor will from time to time after making any improvement in or addition to the said invention or any discovery useful in the manufacture of ——— (including any improvement addition or discovery aforesaid now (if so) in his knowledge and possession) forthwith give notice thereof in writing to the assignee or his assigns who shall be entitled to the sole and exclusive benefit thereof [except as to the personal use thereof by the assignor]: And as and when reasonably required by the assignee or his assigns but at his or their expense as to actual costs (if any) occasioned thereby communicate and explain to him or them or his or their agents such improvement addition or discovery (*j*): And will at the expense (not exceeding however the sum of £——) of the assignee or his assigns if he or they shall require the same apply for and obtain or (if he or they shall so think fit) join with him or them in applying for and obtaining letters patent in respect of such improvement addition or discovery and execute and do all such assurances and things as shall be necessary or convenient for vesting the same letters patent and the sole and exclusive benefit thereof in the assignee or his assigns [subject to the personal use by the assignor of the invention comprised therein] as by the assignee or his assigns shall be reasonably required (*k*): AND LASTLY that the assignor will at the expense of the assignee or his assigns execute and do all assurances and things necessary or convenient for enabling him or them to obtain and exclusively to hold and enjoy the benefit of any extension of the terms comprised in the letters patent hereinbefore expressed to be

Form. I.

Covenants.
Validity of
patent.

Improvements.

Extensions.

(*f*) The term "beneficial owner" is to import the covenants for title, as to which see sect. 7 of the Conveyancing Act, 1881 (Appendix, *post*, p. 370).

(*g*) See note (*d*) as to extensions. There are covenants (see later) as to both extensions and improvements, &c.

(*h*) The word "assigns" includes "executors and administrators," who are assigns at law (Williams on Executors, 792, 8th edition). The word, however, is not strictly necessary in the grant or habendum.

(*i*) There is no provision in the Conveyancing Act, 1881 (44 & 45 Vict. c. 41), for the implication of this covenant. See sect. 7 of that act (Appendix, *post*, p. 370). As to covenants in assignments generally, see *ante*, pp. 115—117.

(*j*) As to instructing workmen and others in the employ of the assignee, see Form 16, *ante*, p. 52.

(*k*) To the above add (if thought fit) the last provision in Form 16, *ante*, p. 53, as to improvements, &c., made by the assignor in conjunction with any other person. See also Form 15, *ante*, p. 52, and Sp. Cl. 44 and 45, *post*, p. 240.

PART. I.

assigned or as far as practicable of any term which may be comprised in any letters patent which may become vested in him or them according to the covenant in this behalf hereinbefore contained as shall be reasonably required (*l*).

IN WITNESS, &c. (*m*).

(*l*) As to foreign and colonial patents being assigned, see *Mortgage I.*, note (*d*), *post*, p. 167.

(*m*) The assignment should be executed as a deed (*ante*, p. 111), and should also be registered (*ante*, p. 132, and sects. 23 and 87 of the new act).

II.

ASSIGNMENT of a PATENT for a DISTRICT (a).

PRÆC. II.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the assignor") of the one part and C. D. of &c. (hereinafter called "the assignee") of the other part [*recite as in last precedent*]: AND WHEREAS the assignor has agreed with the assignee for the absolute sale to him at the price of £—— of the said letters patent and every extension thereof for the county of —— and also the exclusive benefit for the same county of all improvements or additions to the said invention or any discovery useful for the manufacture of —— now already (if at all) in the knowledge and possession of or which hereafter may be made by the assignor (b). NOW THIS INDENTURE WITNESSETH that in consideration &c. (the receipt &c.) he the assignor as beneficial owner (c) doth hereby assign unto the assignee: ALL THOSE the said invention and letters patent and the sole and exclusive benefit thereof and of every extension thereof (d) and all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent for the county of —— but not elsewhere: To HOLD use exercise and enjoy the said premises unto and by the assignee and his assigns absolutely: AND THE ASSIGNOR doth hereby covenant with the assignee and his assigns that notwithstanding anything by him the assignor done omitted or knowingly suffered the said letters patent are now valid and subsisting and not void or voidable (e): AND ALSO that he the assignor will from time to time &c. [*covenant as to improvements &c. as in last precedent excluding the provision for taking out a patent, and making the exclusive benefit to be "for the county of —— aforesaid" and omitting reference to the personal use by the assignor*]: And that in case he the assignor shall obtain letters patent in respect of any

Recitals.
Claim to be inventor.
Grant.
Devolution of title.
Agreement to sell.
Testatum.

Covenants.
Validity of patent.

As to improvements, &c.

(a) It is presumed that an assignment for a district can be made of an old patent, notwithstanding that in sect. 36 of the new act the Channel Islands are not mentioned. (See p. 317, *post*.) As to the comparative advantages of assignments and exclusive licences for districts, see pp. 117, 118, *ante*; and as to the contents of such assignments, see pp. 115—117, *ante*.

(b) As to improvements, additions, &c., being included in a purchase, see pp. 33—35.

(c) See note (f) to last precedent.

(d) See note (d) to last precedent. There is a covenant (see later) as to improvements, &c.

(e) See note (i) to last precedent.

P <small>AR</small> C <small>II</small> .	such improvement addition or discovery he will at the expense of the assignee or his assigns (if and when requiring him to do so) execute and do all such assurances and things as shall be necessary or convenient for vesting the same letters patent and the exclusive benefit thereof for the said county in the assignee or his assigns as shall be reasonably required by him or them (<i>f</i>): AND ALSO that the assignor will at the expense of the assignee or his assigns execute and do all assurances and things necessary or convenient for enabling him or them to obtain and exclusively hold and enjoy the benefit within the said county of any extension of the terms comprised in the said letters patent hereinbefore expressed to be assigned or in any letters patent intended to be comprised in the covenant in this behalf hereinbefore contained as shall be reasonably required (<i>h</i>): AND ALSO that the assignor or his assigns (<i>i</i>) will pay all fees necessary for the renewal of the said letters patent respectively during the respective terms comprised therein one calendar month at least before the latest times when the same can properly be paid respectively (<i>j</i>) and will give the assignee or his assigns written notice of every such payment immediately after the same shall have been made but in case of non-payment thereof as aforesaid will if required by the assignee or his assigns permit him or them to pay the same and any sum if so paid by him or them shall be repayable on demand together with interest thereon at the rate of 5 per cent. per annum from the time of payment thereof and until repayment shall together with interest aforesaid be a charge on the interest of the assignor and his assigns (<i>k</i>) in the said letters patent respectively: PROVIDED ALWAYS that neither the assignor nor his assigns shall be bound to pay any fee for renewal of any letters patent aforesaid if the assignee or his assigns shall for the space of ——— calendar months within the current year of the term comprised in such
As to extensions.	
Assignor to pay renewal fees.	
In default assignee may pay and be repaid with interest. Charge on interest of assignor in patent until repayment. Assignor not bound to pay fees if assignee discontinue use of invention.	

(*f*) The obligation to take out any new patent is not imposed. If the district is very large or important the assignor should be bound to take the patent out in the joint names of himself and the assignee, and then a partition should be effected so as to vest the patent rights for the district, and the remainder of the area comprised in the patent in the assignee and assignor respectively. See *ante*, p. 115.

(*h*) The assignor does not covenant actually to apply for an extension.

(*i*) This, like each preceding covenant, is, of course, only a personal covenant of the assignor, not binding on the assigns. Where the assignor finally parts with all interest in the patent, he would probably obtain a covenant from the assigns to perform his covenants herein, and indemnify him against them. See *ante*, pp. 120, 121, and also *post*, pp. 185, 186 (Chapter on "Licences,") as to how far covenants are binding on assigns.

(*j*) In the absence of this stipulation neither party will be bound to make any payments, as, except by statute, no covenants are to be implied in general in assurances of personal property (*ante*, p. 122). The implied covenant for further assurance (sect. 7 of Conveyancing Act, 1881, *post*, p. 371) relates only to matters of conveyance (p. 114, *ante*). The assignor need, of course, only pay the lowest necessary fees. See Lists of Fees, pp. 329, 344, 357, *post*.

(*k*) The assigns will be bound by this charge if they purchase, as presumably would be the case with notice of it. See *Werdermann v. Société d'Electricité*, L. R. 19 Ch. D. 246, and *ante*, pp. 32, 33, 120, and *post*, pp. 185, 186.

letters patent at the end of which year any annual fee for renewal would become payable (not including however any extension of the time of payment thereof which might be granted on application at the Patent Office) have practically or in fact ceased within the said county to work by himself or themselves or his or their licensees (if any) the patented invention in respect of which such fee would have become payable: AND FURTHER that neither the assignor nor his assigns will without the written consent of the assignee or his assigns amend or seek leave to amend the specification in force for the time being of any patented invention then comprised herein but such consent shall not be arbitrarily withheld (*l*): AND THE ASSIGNOR hereby acknowledges the right of the assignee and his assigns respectively to production of the said letters patent hereinbefore expressed to be assigned or otherwise mentioned and to delivery and the right to make copies thereof and hereby undertakes for the safe custody thereof (*m*).

PART II.

Assignor not to amend specification without consent. Acknowledgment and undertaking as to production, &c. of the patents.

IN WITNESS, &c. (*n*).

(*l*) As to amendments of specifications, see sects. 18—21 of the new act, pp. 312, 313, *post*, and see pp. 18, 19, *ante*. As to the consent not being arbitrarily withheld, see p. 202, *post*, in the Chapter on "Licences," where the observation will also apply to an assignment for a district.

(*m*) As to this acknowledgment and undertaking, see Conveyancing Act, 1881, sect. 9 (*post*, p. 373). See also notes to this section in the works on the Conveyancing Acts of Messrs. Wolstenholme and Turner, Clerke and Brett, and Hood and Challis. By sect. 40, sub-s. 2, of the new act (*post*, p. 318) the comptroller is to keep on sale copies of all complete specifications in force. If a patent is lost or destroyed, or its non-production is accounted for to the satisfaction of the comptroller, he may cause a duplicate thereof to be sealed (sect. 37, *post*, p. 318).

(*n*) The assignment should be executed as a deed (*ante*, p. 111), and be also registered (*ante*, p. 132, and sects. 23 and 87 of the new act).

III.

PREG. III. ASSIGNMENT of a MOIETY of a Patent—CONDITIONS OF SEPARATE WORKING (a).

Recitals.

Grant and title.

Agreement to sell moiety of patent.

Testatum.

Assignment of moiety.

Covenant as to validity.

Mutual covenant as to payment of fees equally.

THIS INDENTURE made the ——— day of ——— 18— BETWEEN A. B. of &c. (hereinafter called “the assignor”) of the one part and C. D. of &c. (hereinafter called “the assignee”) of the other part [*recite as in Assignment I. as to claim grant and devolution of title*] (b): AND WHEREAS the assignor has agreed with the assignee for the sale to him at the price of £—— of one moiety of the said invention and letters patent and all extensions thereof upon the terms hereinafter appearing. NOW THIS INDENTURE WITNESSETH that in pursuance &c. [*as in Assignment I.*] he the assignor as beneficial owner doth hereby assign unto the assignee ONE EQUAL MOIETY of and in the said invention and letters patent and all extensions thereof and of and in all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent (c): To HOLD the said premises unto the assignee and his assigns subject to the conditions hereinafter appearing: AND THE ASSIGNOR doth hereby covenant with the assignee &c. [*as to the validity of patent as in Assignment I., ante*] (d). AND IT IS HEREBY AGREED AND DECLARED that the amounts of the respective fees for the renewal of the said letters patent and any letters patent for the time being subject hereto shall be borne equally by and between the parties hereto or their respective assigns (e) and that all sums paid by either party

(a) Compare this with the next three precedents, any one of which might be made to apply to an assignment of a moiety of a patent. As to rights of co-owners *inter se* working separately, and as to assignments of shares in patents, see Chapter on “Assignments,” *ante*, pp. 118—127.

(b) See notes (a) and (b) to *Assignment I.*

(c) See note (d) of *Assignment I.*

(d) A covenant as to extensions is not inserted, as there seems no reason why one party should be bound more than the other to apply for an extension. See sects. 25 and 46 of the new act, and *Re Pettit Smith's Patent*, 7 Moo. P. C. O. 133; *Southworth's Patent*, 1 Webs. 487, as to who should apply.

(e) The co-owners will be bound (during the time, at least, they respectively are willing to keep up the patent) to contribute in proportion to their shares. See *ante*, pp. 122, 123, and *Mathers v. Green*, L. R. 1 Ch. 29. See also Lindley as to the presumed obligations of co-owners of property generally and letters patent, and other chattels in particular, to contribute to expenses, &c., of the common property, pp. 67—69.

or his assigns in excess of his one moiety of the said fees respectively shall be repayable by the other party or his assigns on demand and together with interest thereon at the rate of 5 per cent. per annum from the time of demand thereof shall be a charge on the moiety of him or them of the said letters patent respectively: AND ALSO that &c. [*For other conditions use as thought fit Clauses 6 (b and c) and 8 of Agreement IV., ante, pp. 71, 72, or Agreement VIII., ante, p. 82, or the more elaborate and extensive provisions given by the next precedent*] (f): AND THE ASSIGNOR hereby acknowledges the right of the assignee &c. [*Acknowledgment and undertaking &c. as in last precedent*].
IN WITNESS, &c. (g).

PART. III.

Excess of payments charged with interest on other party's share.

Other covenants.

Acknowledgment, &c. as to letters patent.

(f) As to the working of a patent and grant of licences by one co-owner alone, and the right to accounts between co-owners, see *ante*, pp. 118 *et seq.* As to assignments of shares, see *ante*, pp. 121—128. An elaborate precedent of an assignment of an uneven share of a patent is given in Hayes's Concise Conveyancing, p. 137 (ed. 1883, by Coltman).

Where the parties are to work together there should be a partnership deed. See a precedent of such a deed, *Agreement XIV., ante*, p. 99.

(g) The assignment should be executed as a deed and registered. See last note to *Assignment I., ante*.

For a clause as to service of notices, use *Sp. Cl. 51, post*, p. 242.

IV.

PREC. IV. **ASSIGNMENT of ONE-TWELFTH SHARE of a Patent—Special Provisions as to each Co-owner working the Patent separately (a).**

Recitals.

Absolute title of assignor.

Agreement to sell one-twelfth share.

1st Testatum.

Assignment of one-twelfth share of patent.

2nd Testatum.

Agreement and declaration.

Renewal fees paid according to shares and excess paid by any owner to be charged on shares of the others.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the assignor") of the one part and C. D. of &c. (hereinafter called "the assignee") of the other part: WHEREAS (b) the assignor is entitled to the invention and letters patent mentioned in the First Schedule hereto: AND WHEREAS the assignor has agreed with the assignee for the sale to him at the price of £—— of one-twelfth part or share of and in the said invention and letters patent and all extensions thereof subject as hereinafter expressed: NOW THIS INDENTURE WITNESSETH that in pursuance &c. [ASSIGNMENT I., *ante*] he the assignor as beneficial owner doth hereby assign unto the assignee ONE-TWELFTH PART or share of and in the said invention &c. [*use last precedent to end of covenant as to the validity of the patent*]: AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises IT IS AGREED AND DECLARED (c) as follows:—

1. The amounts of the respective fees for the renewal of the said letters patent and any other letters patent for the time being subject hereto respectively shall be borne by and between the parties hereto or other the owners for the time being thereof (hereinafter called "the owners") in the proportion of their respective shares therein respectively and any moneys paid in this respect by any owner which are properly payable by any other owner shall be repaid on demand and together with interest thereon at the rate of 5 per cent. per annum from the time of demand shall be a charge on the share of such other owner and if any owner shall at any time or times object to continue the payment of the said fees any other owner or owners shall nevertheless be at

(a) Refer to pp.122—124, *ante*, and compare this with the last and also the next precedents. As to the working of a patent and grant of licences by one co-owner alone, and the disadvantages of separate working without the intervention of trustees, see *ante*, pp. 118 *et seq.* The next precedent is an assignment to trustees.

(b) See *Assignment I.*, however, as to other recitals, and *ante*, pp. 111—113.

(c) See *ante*, pp. 120, 121, as to how far these stipulations will be binding on future owners.

liberty to continue the payment thereof as for the remainder of the term for which the same shall be payable or any shorter period and may claim from the objecting party aforesaid repayment of his proper proportion of any moneys so paid by him or them with interest thereon at the rate aforesaid from the time of demand until payment thereof and the amount so repayable shall together with interest thereon be a charge on his share aforesaid accordingly (d).

FORM. IV.

2. No licence for the use of any invention for the time being subject hereto shall be granted except by all the owners jointly who shall be entitled to all benefits thereunder in the proportion of their respective shares in the letters patent relating thereto (e).

No licences to be granted except by the owners jointly.

3. In taking any half-yearly accounts hereinafter provided to be taken there shall be debited to each owner for the benefit of the other owners for the time being in respect of each patent article manufactured by him in the half-year then ended (f) a royalty of — shillings less his proportion thereof according to his share in the letters patent which royalty less as aforesaid shall be divisible in the said accounts between the other owners in the respective proportions of their shares.

Royalties for benefit of all owners to be paid on articles manufactured by each owner.

4. Each owner shall affix on every patent article as and when manufactured by him the patent mark now in use and shall not part with any such article without such mark being affixed thereto and each owner not being the assignor shall buy all such patent marks from the assignor so long as he shall be able and willing to supply the same at the rate of &c. and shall be debited half-yearly in the accounts hereinafter provided to be taken for such as shall be so bought by him (g).

Patent mark to be used on all articles.

5. Each owner shall from time to time after making any improvement in or addition to the said invention or discovery useful in the manufacture of — (including any improvement addition or discovery aforesaid now (if so) in the possession and

Improvements, &c. by any owner to be brought in.

(d) As to the payment of renewal fees in the case of co-owners, see *ante*, p. 122.

(e) On the question of constructive notice by an intended licensee of any single owner of the provisions in the above assignment, see *Dart's Vend. and Purch.* (Chap. XV. sect. 5) and cases there cited on constructive notice, especially as to the neglect of a purchaser to investigate the title, who relied on the mere assurance of the vendor (*Jackson v. Rowe*, 1 Ph. 255; *Neesom v. Clarkson*, 2 Hare, 173; and *West v. Reid*, 2 Hare, 260). The licensee should search the register. See also *ante*, pp. 122—126, as to assignments of unequal shares of patents, and *Conveyancing Act*, 1882, s. 3 (*Appendix, post*, p. 383). Where unreasonable objections are raised by a co-owner to the grant of a licence advantage may be taken of sect. 22 (*post*, p. 313) of the new act as to compulsory licences ordered by the Board of Trade.

(f) Or say (if so intended) "manufactured and in the half-year then ended sold by him." It may be more convenient to fix the royalty on the manufacture, so as to avoid the provisions in Clause 8a as to articles in hand at end of the term. The royalty in either case may, for convenience at least, be taken to be of the amount which a licensee would have to pay where no premium has been charged him.

(g) See other forms as to the use and supply of the patent mark in the *Precedents of Licences* and "Special Clauses as to Licences," *post*, pp. 234, 235.

PREC. IV.

knowledge of any party hereto) forthwith give notice thereof in writing to the other owner or owners and as and when reasonably required by and at the expense of him or them respectively as to actual costs (if any) out of pocket occasioned thereby communicate and explain to him or them respectively or his or their respective agents such improvement addition or discovery and the same shall be considered and treated as being part of or comprised in the said invention but in case the communicating owner shall intend to apply for letters patent in respect thereof the other owner or owners shall jointly with him contribute in the proportion or proportions aforesaid to the payment of the current costs and expenses of and attending the application for and obtaining the said letters patent (such costs and expenses however being taken not to exceed altogether the sum of £—— and the excess whereof being borne by such communicating owner) and shall be entitled to be made a co-applicant or co-applicants respectively therefor and the said letters patent or patent rights in respect thereof when obtained shall be held by the owners in the proportions aforesaid subject as far as possible to the like terms and conditions as are herein contained in respect of the letters patent hereinbefore expressed to be assigned [AND FURTHER the foregoing provisions in this clause including as to the limit of contribution shall as far as possible apply to the interest of any owner in every such improvement addition or discovery aforesaid which he may in conjunction with any other person or persons now have in his knowledge and possession or hereafter make] (h).

Books of
account kept
by each
owner and
inspection
allowed and
verification
made.

6. Each owner shall keep at his usual or chief place of business all proper books of account and shall make true and perfect entries therein at the earliest opportunities of all particulars necessary or convenient for any of the purposes hereof of all transactions relating to the manufacture or sale (i) of the said articles manufactured by him and shall at the same place produce the said books to the other owner or owners respectively for inspection thereof and taking copies or extracts therefrom and at his own expense obtain and give to him or them respectively all information necessary or convenient for any of the purposes hereof as to any item or matter comprised therein or relating thereto and at the expense of any party requiring it verify such information by statutory declaration or otherwise as shall be reasonably required.

Accounts
delivered and
settled half-
yearly.

7. Each owner shall within twenty-one days after the end of each half-year ending on the —— day of —— or —— day of —— deliver or send to each of the other owners a statement of account in respect of the transactions and matters aforesaid on the part of the accounting owner for the half-year then ended and shall if required by but at the expense of the owner requiring the

(h) Compare the above clause with *Forms 15 and 16, ante, pp. 52, 53, and Sp. Cl. 44 and 45, post, p. 240.*

(i) Particulars of sale should appear, notwithstanding that royalties are only payable on the manufacture, as thereby a check will be furnished, to some extent, on the entries as to the articles manufactured.

same verify or procure some fitting person in his own employ to verify the said statement or any part thereof by statutory declaration: AND SHALL as soon as statements of account respectively for any half-year shall have been delivered by him as aforesaid and the balance (where any) due from him to the other owner or owners respectively shall be ascertained shall pay the same to him or them respectively then forthwith accordingly but if the said balance or any part thereof shall from any cause whatever remain unpaid for one calendar month from the end of the said half-year it shall bear interest from the end of such calendar month at the rate of 5 per cent. per annum and together with such interest be a charge on the share in the said letters patent respectively of the person liable to pay the same.

PRINC. IV.

8. Each owner or his agents shall be at liberty at all reasonable times during the continuance of any letters patent subject hereto and afterwards for such period as shall be necessary or convenient to him for any of the purposes hereof to enter any factory or place of business of any other owner to ascertain the state and extent of the manufacture or sale of the said articles or for other the purposes hereof.

Liberty for each owner to inspect factories, &c. of other owners.

8a (i). [In taking the final accounts between the respective owners each shall be debited as to each article aforesaid then in his possession and remaining unsold with the reduced royalty of — shillings less his proportion thereof according to his share in the letters patent in lieu of the royalty less as aforesaid in respect of the sale by him of such article as hereinbefore provided which reduced royalty less as aforesaid shall accordingly be divisible in the said accounts in respect thereof between the other owners in the proportion of their respective shares aforesaid.]

Reduced royalties on articles unsold on determination of patents.

9. The assignor hereby acknowledges the right of the assignee, &c. [Acknowledgment, &c., as in Assignment II., ante].

Acknowledgment, &c. as to letters patent.

IN WITNESS, &c. (j).

FIRST SCHEDULE.

SECOND SCHEDULE.

(i) This clause is, of course, to be inserted only if royalties are made payable on sales. See note (f), ante.

(j) The deed should be registered.

For a clause as to service of notices, use *Sp. Cl.* 51, *post*, p. 242.

V.

PART. V. ASSIGNMENT of a Patent to TRUSTEES for Co-owners in UNEQUAL SHARES—EXCLUSIVE LICENCE for a particular District to be granted to each Co-owner at ROYALTIES—POWER OF SALE and general Powers of LICENSING in the Trustees—TRUST MONIES divisible Half-yearly—REMUNERATION to the Trustees (a).

Recitals.

Claim, grant,
&c.

Further
agreement to
assign to the
trustees.

Assignment
of patent to
the trustees.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the vendor") of the first part C. D. of &c. E. F. of &c. and G. H. of &c. (hereinafter called "the purchasers") of the second part H. K. of &c. and L. M. of &c. [trustees] of the third part and every person who as mentioned in Clause 1 hereof shall execute these presents or otherwise bind himself hereto of the fourth part (b) [*Recitals as to the claim, grant, &c. (c)*]: AND WHEREAS the vendor has agreed with the purchasers for the sale to them respectively of shares in the said letters patent and every extension thereof namely to the said C. D. one-fifth share at the price of £— and to the said E. F. one two-fifths share at the price of £— and to the said G. H. one-tenth share at the price of £—: AND WHEREAS the vendor and purchasers have agreed that the said letters patent shall be assigned to the said H. K. and L. M. upon the trusts and otherwise subject as hereinafter expressed. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in this behalf and in consideration as to the said C. D. of the sum of £— and as to the said E. F. of the sum of £— and as to the said G. H. of the sum of £— now paid to the vendor by the purchasers respectively (the receipt of which several sums the vendor doth hereby acknowledge) and otherwise in consideration of the premises he the vendor as beneficial owner subject to the said agreement for sale doth hereby assign: And each of them the purchasers as beneficial owner in respect of his share under the said agreement as aforesaid doth hereby assign unto the the said H. K. and L. M. ALL THOSE the said invention and letters patent and the sole and exclusive benefit thereof and of all extensions thereof and all rights powers emoluments and advantages

(a) As to this kind of assignment, see *ante*, pp. 124—126. In the last precedent no trustees are introduced.

(b) As to the parties of the fourth part, see *ante*, p. 124.

(c) As to recitals, see notes (b) and (c) to *Assignment I*.

whatsoever under or in respect of the said letters patent To HOLD the said premises unto the said H. K. and L. M. and their assigns upon trust for the vendor and purchasers respectively as tenants in common in the following shares namely as to the vendor three-tenths as to the said C. D. one-fifth as to the said E. F. two-fifths and as to the said G. H. one-tenth but nevertheless subject to the covenants and conditions hereinafter contained: AND THE VENDOR doth hereby covenant with the said H. K. and L. M. jointly (d) and also with each of the purchasers separately that notwithstanding anything by the vendor done omitted or knowingly suffered the said letters patent are now valid and subsisting and not void or voidable. AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises IT IS HEREBY AGREED AND DECLARED as follows:—

PARC. V.

Covenant as to validity of patent.

2nd Testatum. Agreement and declaration.

1. The term "the trustees" shall mean the said H. K. and L. M. or the survivor of them or other the trustees or trustee hereof for the time being and the term "owner" shall mean either the actual beneficial owner for the time being of any share in the trust premises or in case such beneficial owner shall not then already as a party hereto of the first second or fourth part have executed these presents or otherwise have bound himself to perform and observe the obligations herein contained and in respect of such share to be performed and observed then the beneficial owner or last of the beneficial owners through whom he shall have derived the title to such share who shall have bound himself as aforesaid and the term "shares" shall mean the shares into which the trust premises shall for the time being be divisible between the owners.

Definition of "trustees," "owners," and "shares."

2. The said H. K. and L. M. shall immediately after the execution hereof grant to each of them the vendor and purchasers at his expense (including as to the counterpart (e)) an exclusive licence of the said invention and any other patented invention for the time being subject hereto for the district mentioned opposite his name in the ——— Schedule hereto and in the form given therein.

Trustees to grant exclusive licences for certain districts to the vendor and purchasers respectively as per Schedule.

3. Except according to the terms of any such licence aforesaid or any other or further licence granted to him by the trustees under the power in this behalf hereinafter contained no owner shall be entitled to use any patented invention aforesaid.

No owner except by licence of the trustees to use the invention.

4. The trustees shall at any time during the continuance hereof at the request in writing of a majority in value being one-third at least in number of the owners sell the said letters patent or any other letters patent then comprised herein either as to the entirety thereof or for any district or districts subject to the respective licences aforesaid and all other licences (if any) granted under the

Trust for sale on request of majority.

(d) By sect. 60 of the Conveyancing Act, 1881 (*post*, p. 381), this covenant will go to the survivor of the trustees.

(e) In the absence of agreement, it is presumed that a licensee should pay the expenses of the licence, though not of the counterpart. In the case of a lease, the parties are under like obligations (*Jennings v. Major*, 8 Carr. & Payne, 61).

PRINC. V.

provision in this behalf hereinafter contained or with the consent and concurrence of the owner or owners of any such licence freed and discharged from the same at such prices for cash or if to a limited joint stock company for cash shares or debentures payable or issuable at such times and subject to such conditions as the persons comprising such or any other majority in value of the owners being one-third at least in number thereof shall direct or in default of any such direction then as the trustees shall think fit with power for them without the concurrence of any owner except as to his licence as aforesaid to assign to the purchaser or purchasers thereof the premises so sold and to give complete discharges for the purchase-moneys thereof and so that such purchaser or purchasers shall not be obliged to inquire into the title to any of the shares or otherwise as to the propriety or regularity of the sale (f).

General
power in
trustees to
grant licences.

5. Subject to any such sale and licences aforesaid the trustees shall from time to time on the requisition in writing of any owner or owners grant licences to any owners or other persons or companies respectively (but as to any owner at his expense including as to the counterpart of his licence) of any patented invention aforesaid according to the form given in the Schedule hereto or such other form as the owners may unanimously prescribe for this purpose: PROVIDED ALWAYS that the trustees shall prior to any such grant give to each owner who may be unaware of their intention to make the same or ignorant of the particulars thereof or send to him by post to his last usual or known place of abode or business a written notice of ——— days at least of their intention so to do and of the particulars aforesaid and shall not grant any such licence in case a majority in value being one-third at least in number of the owners shall either together or separately serve the trustees with an objection in writing to the grant thereof but in default of the service of such objection or objections within or at the end of the said period may effectually grant the said licence: PROVIDED ALSO that it shall not be incumbent on any person or persons treating for the grant of any such licence to ascertain if any such objections whatever have been or might be made or to require the concurrence of any owner thereto.

But prior
notice to be
given to
owners
thereof.

No licensee
bound to
ascertain if
owners object
to grant.

Net trust
moneys to be
divisible ac-
cording to the
shares.

6. All royalties and other sums receivable by the trustees under any of the said licences or from sales of any letters patent or otherwise as aforesaid and all other moneys receivable by them hereunder shall form part of the trust estate and subject to the payment thereof of all costs and expenses herein provided to be

(f) See sects. 35 and 36 of the Conveyancing Act, 1881, as to powers of sale, and giving receipts. Trustees, with power of sale and giving receipts, can alone assign (*Binks v. Lord Rokeby*, 2 Madd. 227); but it is usual for the purchaser to require the concurrence of the beneficiaries (where practicable), in order to obtain covenants for title (*Re London Bridge Acts*, 13 Sim. 176). See Lewin on Trusts (8th ed. 1885), p. 447. As the owners (if all *sui juris*) would be entitled, notwithstanding the power or trust for sale, to elect to take the property in its actual state (*Davies v. Ashford*, 15 Sim. 44; *Brown v. Brown*, 33 Beav. 399; *Sisson v. Giles*, 3 De G. Jo. & Sm. 614), the above provision seems necessary, in order to avoid the execution by numerous parties.

made shall be held by the trustees in trust for the owners in the proportions of their respective shares.

Part. V.

7. The trustees shall from time to time out of any trust moneys in their hands pay and discharge and (if they shall think fit) also set apart any sum in order to provide for the satisfaction of all or any renewal fees or other costs expenses or liabilities then already due or incurred or which might thereafter become due or be incurred by them in respect of the said trusts or any of them and shall pay or divide the balance (if any) of the said moneys to or amongst the owners in the proportions of their respective shares: PROVIDED ALWAYS that all costs expenses or liabilities aforesaid not paid discharged or otherwise provided for as aforesaid shall as between the trustees and the owners in respect of whose shares respectively the same shall be payable or incurred by the trustees be borne by such owners or any one or more of them and in such proportions (if any) as the trustees shall think fit without reference to the interest of any such owner in the trust premises and shall notwithstanding any change of ownership in any of the shares be a first charge on the trust premises generally but shall as between the owners themselves in respect of whose shares respectively the said costs expenses or liabilities shall be so payable or incurred be borne by them respectively in the proportions of their respective shares and so that every sum paid by any owner as demanded by the trustees in respect of any such costs expenses or liabilities which shall be properly payable by any other owner shall together with interest thereon at the rate of 5 per cent. per annum from the time of demand thereof by the owner so paying the same be payable by the other owner aforesaid on demand and shall together with such interest be a charge on the share of the latter in the trust premises.

Disposition of the trust moneys.

Expenses charged to owners and on trust property generally without reference to shares or change of ownership, but owner paying in excess to have charge on other shares.

8. All proceedings necessary or suitable for the support protection or defence of any letters patent aforesaid (but in respect of any place or district subject to any provisions contained in any licence aforesaid as to infringements within the same (g)) shall be taken and prosecuted by the trustees whenever a majority in value of the owners shall in writing require them so to do.

Legal proceedings as to the patents.

9. Accounts between the trustees and the respective owners shall be delivered and settled half-yearly on every ——— day of ——— and ——— day of ——— commencing with the ——— day of ——— next but the trustees shall be at liberty at any time to require payment by any owner of any sum found or properly claimed by them to be due to them hereunder whether under any half-yearly account aforesaid or otherwise and in case any owner shall for ——— days after the trustees shall in writing have required him to pay to them any such sum make default in the payment of the same or any part thereof the said sum or part

Accounts settled half-yearly.

(g) A licence might provide that the licensee should undertake all actions, &c., for infringement within his district.

PART. V.

thereof shall thenceforth bear interest at the rate of 5 per cent. per annum until payment or satisfaction thereof.

Improvements, &c. by any owner to be brought in.

10. Each owner shall from time to time &c. [*Part of Clause 5 of last precedent*] forthwith give notice thereof in writing to the trustees and the other owners respectively and as and when reasonably required by any owner and at his expense as to actual costs (if any) out of pocket occasioned thereby communicate and explain to him or his agents such improvement addition or discovery and the same shall be considered &c. [*ib.*] but in case the communicating owner shall intend to apply for letters patent in respect thereof the trustees shall out of the trust estate or by contribution of the owners generally in the proportions respectively aforesaid pay all the current costs &c. [*Continue to end of words "communicating owner" in brackets and then as follows*] and the trustees shall be entitled to be made co-applicants therefor and the said letters patent or patent rights in respect thereof when obtained shall at the expense of the trust estate or by contribution as aforesaid be vested in the trustees and be held by them as far as possible upon the like trusts and subject to the like terms and conditions as are herein declared and contained in respect of the letters patent hereinbefore expressed to be assigned.

Proceedings for extensions.

11. The vendor shall at the expense of the trust estate or the owners generally in the proportions aforesaid when required by the trustees so to do as authorized by a majority of the owners being one-third at least in value of whom the vendor may be one execute and do all assurances and things necessary or convenient for enabling the trustees to obtain and as such exclusively hold and enjoy any extension of the said letters patent as shall be reasonably required (*h*).

Remuneration to trustees out of trust moneys subject to other expenses.

12. Each trustee shall be entitled half-yearly and so proportionately for any shorter period during his trusteeship to a sum of £—— for his services hereunder payable however as to each half-year out of the trust moneys (if any) at the end thereof available for such purpose after satisfaction of or making due provision for all fees and other costs expenses and liabilities (if any) then due from or incurred by the trustees in respect of the trust premises with power to make up to himself during the period of his trusteeship the deficiency (if any) for any half-year in respect of the said sum out of the trust moneys properly available for the purpose as aforesaid which shall be in or come to the hands of the trustees in any subsequent half-year or half-years but such sum shall not be a debt due from any of the owners personally.

Power of appointment of new trustees.

13. The power of removing any trustee and also of appointing a new trustee or new trustees hereof shall vest in the majority in value being one-third at least in number of the owners (*i*).

(*h*) As to extensions, see *ante*, p. 19.

(*i*) As to appointments of new trustees, see the Conveyancing Act, 1881, sects. 31—34, and the Conveyancing Act, 1882.

14. If any difference shall arise between &c. [*Arbitration Clause*, PARC. V.
ante, p. 55, *Form 24*].
 IN WITNESS, &c. (*j*). Arbitration
clause.

THE SCHEDULE.

(*j*) The deed should be registered, but the trusts will not be noticed. See sect. 85 of the Act of 1883 (*Appendix, post*, p. 321); and as to registration generally, see sects. 23 and 87 of the same act, and *ante*, pp. 23—25.
 For a clause as to service of notices, use *Sp. Cl. 51, post*, p. 242.

VI.

PRES. VI. **ASSIGNMENT** *by a Patentee of a SHARE of a Patent—the Assignor alone to work the Patent (a).*

1st Testatum.
Grant of
share.

Covenants.
Validity of
patent.
Benefit of
extension.

2nd Testatum.
Agreement
and declara-
tion.

Assignor to
have exclusive
use of the

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the assignor") of the one part and C. D. of &c. (hereinafter called "the assignee") of the other part [*recite as in Assignment IV., ante*]. NOW THIS INDENTURE WITNESSETH that in consideration &c. he the assignor as beneficial owner doth hereby assign unto the assignee one-twelfth share of and in ALL THOSE the said invention and letters patent and all extensions thereof and of and in all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent: EXCEPT AND RESERVING unto the assignor and his assigns to the extent and according to the conditions hereinafter appearing a right of user of the said premises (b): To HOLD the said premises unto the assignee and his assigns subject as hereinafter expressed: AND THE ASSIGNOR doth hereby covenant with the assignee &c. [*as to the validity of the patent as in Assignment I., ante*]: AND THAT the assignor or his assigns will at the expense of the assignee or his assigns execute and do all such assurances and things necessary or convenient for enabling him or them to obtain and exclusively hold and enjoy subject to the conditions in this behalf hereinafter appearing the sole and exclusive benefit of one-twelfth share of and in every extension of the said letters patent as shall be reasonably required by him or them (c). AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises IT IS HEREBY AGREED AND DECLARED as follows:—

1. The right of user hereinbefore excepted and reserved to the assignor and his assigns (hereinafter termed "the licence") shall

(a) As to assignment of shares generally, see pp. 121—127, *ante*, and the nature of the above kind of assignment, p. 126, *ante*.

(b) The object of inserting this exception and reservation is to obtain a recognition on the register of the legal rights of the assignor in respect of the share, as otherwise the technical question might be raised that the assignee obtaining a legal interest could not by the same deed grant to the assignor another legal interest (a licence) out of it. Registration will only be of legal rights or interests (sect. 85 of the new act, and *ante*, pp. 23, 24).

(c) The assignor is under no obligation to apply for any extension.

be the sole and exclusive right to use the said one-twelfth share hereinbefore assigned of the said invention and letters patent and of a like share of any other invention and the letters patent (if any) in respect thereof for the time being during the subsistence of every such letters patent and extension (if any) thereof but subject as hereinafter provided.

Para. VI.
share subject to conditions.

2. During the continuance of the licence until any breach (d) by the assignor of any covenant or condition herein contained and on his part to be performed or observed the assignor shall be unrestricted in the grant of licences at royalties (but not at any premiums) in respect of the said letters patent respectively except that the said licences shall be as to the entirety and not any mere share in the same respectively: PROVIDED ALWAYS that the assignor shall within ——— days of the receipt by him of any royalties under any of the said licences and notwithstanding the determination (if so) of the licence aforesaid pay to the assignee one-twelfth part thereof respectively.

During licence until breaches assignor may grant licences of entirety at any royalties, —and pay assignee his share of royalties.

3. Except as aforesaid all licences in respect of the said letters patent respectively whether at premiums or royalties or otherwise and whether during the continuance of the licence or after the revocation thereof (if any) shall only be granted by the said parties jointly and the premiums royalties or other sums payable thereunder shall be divisible between them in the shares in which they shall be entitled to the said letters patent respectively.

Other licences to be granted by the parties jointly.

4. The assignor shall half-yearly on every ——— day of ——— and ——— day of ——— during the continuance of the licence pay to the assignee in respect of each patent article manufactured by him according to any invention subject hereto and in the half-year then ended sold by him one-twelfth part of a royalty of ——— shillings (e): PROVIDED ALWAYS (f) that every sum not being less than £—— which may be owing to the assignor from any single person firm or company or persons jointly as the price of articles sold by him in any half-year aforesaid shall be treated in the accounts therefor as having been then actually paid to the assignor and every sum of whatever amount which at the end of some half-year aforesaid during the continuance of the licence shall have been owing to the assignor as aforesaid for ——— calendar months or more shall unless the assignor shall show to

Royalties to be paid to assignee on patent articles sold by assignor. Bad debts, &c. provided for.

(d) This must be apparently a breach that the assignee may choose to avail himself of, as the above restriction is plainly inserted for his benefit only. In a lease a proviso that the term shall cease on a breach by the lessee will operate only at the election of the lessor. See Woodfall on Landlord and Tenant as to voidable leases and forfeiture, pp. 178 and 285 (11th edition).

(e) The royalty might be put on the manufacture only, so as to avoid the provisions as to bad debts and articles in assignor's possession at the end of the licence. See *Sp. Cl.* 2, 4, p. 228, *post*, for provisions as to royalties both on manufacture and sale, or with an option to the licensee as to variation of royalties.

(f) Omit this proviso, if the royalties are only to be on the manufactures. See *Sp. Cl.* 17 (*post*, p. 232), for a proviso in similar language; and see the notes thereto.

PART. VI.

the satisfaction of the assignee that he had taken all reasonable means to recover the said sum be treated in the accounts for that half-year as having been actually paid to the assignor but except as aforesaid and subject to his accounting for any moneys as and when received by him (if at all) in respect of any debts owing to him as aforesaid no debts at the end of any half-year aforesaid remaining owing to the assignor for articles sold by him as aforesaid shall be treated in such accounts as moneys actually received by him.

Restrictions on assignment, &c. by assignor of any part of patent or licence.

Payment of renewal fees.

5. Except by way of granting any licence as aforesaid the assignor shall not without the written consent or concurrence of the assignee assign charge mortgage or in any way dispose of or attempt to dispose of the said licence or any part share or other interest of or in the said letters patent respectively (g).

6. The amounts of the respective fees for the renewal of the said letters patent respectively shall be borne by and between the said parties in the proportion of their respective shares aforesaid and any moneys paid in this respect by either party which are properly payable by the other party shall be repaid on demand and together with interest thereon at the rate of 5 per cent. per annum from the time of demand shall be a charge on the interest of the latter in the letters patent and premises then comprised herein.

Accounts kept, &c. by assignor.

7. The assignor shall during the continuance of the licence keep at his usual or chief place of business all proper books of account &c. [*Clause 6 of Assignment IV., ante, with the necessary variations.*]

Half-yearly statement and settlement of accounts.

8. The assignor shall at the end of each half-year aforesaid deliver or send to the assignee a statement of account for the purposes of the payments to be made to the assignee for the half-year then ended as aforesaid and shall if required by the assignee but at the expense of the assignor verify or procure some fitting person in his employ to verify the said statement or any part thereof by statutory declaration and subject to such verification pay the sum due on such account to the assignee forthwith.

Mutual improvements, &c. to be brought in.

9. Each party shall from time to time after making any improvement in or addition to the said invention &c. [*Clause 5 of Assignment IV., ante, with the necessary variations (h).*]

Inspection of factory.

10. The assignee by himself or his agents shall be at liberty at all reasonable times during the continuance of the said licence and afterwards for such period as shall be necessary or convenient to him to enter any factory or place of business of the assignor to ascertain the state and extent of the manufacture or sale of the said articles or for other the purposes hereof (i).

(g) This clause is inserted to enable the assignee in the above instrument to have a voice (if possible) in any arrangements by the assignor with the new purchasers, &c., as to the future working of the patents. A breach of the clause will, as provided later, enable the assignee to rescind the licence granted by him.

(h) Or the above might be made a covenant by the assignor alone to bring in any improvements, &c., made by him. For other clauses as to improvements, &c., see *Forms 15 and 16, ante*, pp. 52, 53, and *Sp. Cl. 44, 45, post*, p. 240.

(i) As to such a clause, see *post*, Chapter on "Licences," p. 212. For a variation of the above, see *Sp. Cl. 35, post*, p. 238.

11. (j) In taking the final accounts between the said parties at the end or sooner determination of the licence the assignor shall be debited as to each article aforesaid then in his possession and remaining unsold with one-twelfth part of the reduced royalty of ——— shillings in lieu of the like share of any royalty in respect of the sale by him of such article as aforesaid.

PARC. VI.

Reduced royalties on articles unsold at end of licence.

12. If the assignor shall become bankrupt or commit any act of bankruptcy whether available for adjudication or not or shall make default for the space of twenty-one days in the payment of any moneys due from him to the assignee hereunder or shall commit or suffer any breach of his obligations hereunder other than as to the payment of moneys and as to any such breach or obligation (if capable of being repaired or performed) shall for the space of fourteen days after he shall have been served by the assignee with a written notice requiring him to repair or perform the same shall omit so to do the assignor shall be at liberty at any time thereafter to determine the said licence by serving the assignor or his assignee in bankruptcy (if any) with a written notice for that purpose but such determination shall be without prejudice to the recovery by the assignee of any moneys then already due to him hereunder or to any licence aforesaid granted by the assignor or by the assignor and assignee jointly.

Determination of licence on bankruptcy or breaches.

13. Except where in any case the context requires a different interpretation or the term "assigns" is already used these presents shall extend and be construed to apply also as far as possible to the assigns of either party in substitution for him.

Transmission clause.

IN WITNESS, &c. (k).

(j) Omit this clause if the royalties are originally only to be on the manufactures. See note (e).

(k) The deed should be registered.

For a clause as to service of notices, use *Sp. Cl.* 51, *post*, p. 242.

VII.

FORM VII. *ASSIGNMENT AND RELEASE of a Patent by One Co-grantee to the other in pursuance of an AGREEMENT FOR SALE of the ENTIRETY by the INVENTOR entered into BEFORE the Grant (a).*

Recitals.

Invention by
assignor.

Agreement
before grant
for purchase
of patent.

Patent ob-
tained in joint
names.

Assignor to
execute this
assignment
and release.

Testatum.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the assignor") of the one part and C. D. of &c. of the other part: WHEREAS the assignor as the inventor of a new and improved process &c. obtained the acceptance of a complete specification in respect of the said invention on the — day of — 18—: AND WHEREAS by an agreement dated &c. and made between the assignor of the one part and the assignee of the other part (b) it was agreed amongst other things that the assignee should purchase the said invention and the patent in respect thereof and the benefit as therein provided of all improvements or additions (if any) to the said invention made by the inventor for the sum of £A and that the assignee should be entitled to be made an applicant for the grant of the said patent jointly with the assignor and that the said patent should be assured to the assignee by the assignor so that the entirety thereof should become vested in the assignee: AND WHEREAS the said patent was duly obtained in the joint names of the assignor and assignee and is numbered — bearing date the — day of &c. (c) and was duly sealed on the — day of &c.: AND WHEREAS the said sum of £A has been duly paid as the assignor doth hereby acknowledge (d): AND WHEREAS the assignor hath consented to execute the assignment of the said patent hereinafter contained. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the sum of £A so

(a) This is to be the kind of assurance mentioned in *Agreement V.*, ante, p. 73.

(b) It seems desirable to notice this agreement here specially, not only fully to explain the relative positions of the parties, but also to give, indirectly at least, additional notice of its contents.

(c) The day of application. See sect. 13 of the new act (*post*).

(d) By sect. 70 of the Stamp Act, 1870 (33 & 34 Vict. c. 97), the term "Conveyance on sale" is to apply to an equitable transfer on which *ad valorem* duty is payable. The agreement above recited might thus be chargeable, but in practice it seems that the duty is generally put on the deed, which seems an incorrect proceeding.

paid to the assignor by the assignee as aforesaid (the receipt whereof is hereby acknowledged) he the assignor as beneficial owner (e) to the extent only of his estate and interest as hereinbefore appears in the invention letters patent and premises hereby assured doth hereby assign and release unto the assignee ALL THOSE the said invention and letters patent and the sole and exclusive benefit thereof and of all extensions thereof and all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent To HOLD the premises unto the assignee and his assigns absolutely: AND THE ASSIGNOR doth hereby covenant with the assignee that notwithstanding anything by him the assignor done omitted or knowingly suffered the said letters patent are now valid and subsisting and not void or voidable (f): AND THAT the assignor will from time to time after making any improvement in or addition to the said invention &c. [Form 16, ante, p. 52]: AND THAT the assignor will at the expense of the assignee or his assigns &c. [Covenant as to Extensions as in Assignment I., ante, p. 137.]

PRINC. VII.

Covenants.

Validity of patent.

Improvements, &c.

Extension.

IN WITNESS, &c. (g).

(e) According to *Wall v. Bright* (1 Jac. & W. 494) and *Lysaght v. Edwards* (L. R. 2 Ch. D. 499) (Jessel, M. R.), the assignor will have become a trustee for the assignee; but he covenants as *beneficial owner*, because he was such at the date of the contract.

(f) See note (i) to *Assignment I.*, p. 137.

(g) The deed should be registered. See last note to *Assignment I.*

VIII.

PREC. VIII. ASSIGNMENT of a Patent to the Inventor (a FOREIGNER resident Abroad) by his Agent, the Patentee.

Recitals.

Assignee
real inventor.

And being
resident
abroad em-
ployed as-
signor.

Assignor
obtained
patent in own
name.

Number of
patent.

Request to
assign.

Testatum.
Grant.

Covenant as
to validity
and exten-
sions.

THIS ASSIGNMENT made &c. BETWEEN A. B. of &c. (hereinafter called "the assignor") of the one part and C. D. of &c. (hereinafter called "the assignee") of the other part: WHEREAS the assignee is the sole and original inventor of improvements &c. [*title of invention*]: AND WHEREAS the assignee being a foreigner resident abroad and desirous of obtaining letters patent for the United Kingdom and Isle of Man employed the assignor to obtain the same for the sole and exclusive benefit of the assignee (a): AND WHEREAS the assignor accordingly and at the entire expense of the assignee duly made application on the ——— day of &c. for the said letters patent and obtained the grant thereof in his own name: AND WHEREAS the said letters patent are numbered ———: AND WHEREAS the assignee hath requested the assignor to assign to him the said letters patent. NOW THIS INDENTURE WITNESSETH that in consideration of the premises he the assignor as trustee doth hereby assign unto the assignee ALL THOSE the said invention and letters patent and the sole and exclusive benefit thereof and of all extensions thereof and all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent To HOLD the premises unto the assignee and his assigns absolutely: AND THE ASSIGNOR doth hereby covenant &c. [*As in Assignment I., ante, as to validity of patent and extensions.*]

IN WITNESS, &c.

(a) The Patent Office will not grant a patent to any importer, or agent of inventor, resident abroad. See *ante*, p. 13, and *Form of Application A1, post*, p. 359. The inventor himself though resident abroad can apply under *Form A., post*, p. 358.

IX.

ASSIGNMENT of a LICENCE—the Licensor not being a Party (a). PRÆC. IX.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called “the vendor”) of the one part and C. D. of &c. (hereinafter called “the purchaser”) of the other part: WHEREAS by a licence under seal dated &c. and made between E. F. of the one part and the vendor of the other part the said E. F. granted unto the vendor and his assigns the sole and exclusive right within the town of &c. to manufacture articles according to the invention mentioned (together with the letters patent in respect thereof) in the Schedule hereto for the residue of the term of fourteen years comprised in the said letters patent at royalties payable half-yearly on every — day of — and — day of — and subject to the covenants and conditions therein contained: AND WHEREAS the vendor hath from the date of the said licence up to this present time worked the said invention in the said town in accordance with the terms thereof: AND WHEREAS the vendor lately agreed with the purchaser for the sale to him of his business in the said town of manufacturing and selling the said articles and other the business of a — as from the said — day of — last (b): AND WHEREAS it was part of the said agreement that the purchaser should purchase the said licence for the sum of £A. NOW THIS INDENTURE WITNESSETH that in consideration &c. he the vendor as beneficial owner doth hereby assign unto the purchaser ALL THAT the said licence dated &c. and the full benefit thereof To HOLD the same unto the purchaser and his assigns subject to the covenants and conditions therein contained and henceforth on the part of the licensee to be performed or observed: AND THE VENDOR doth hereby covenant with the purchaser that notwithstanding anything by him done omitted or knowingly suffered the said licence is now valid and subsisting and not void or voidable and that all the royalties reserved by the said licence have been paid up to the — day of — last and that all the covenants and conditions therein contained and on the

(a) See next precedent as to the licensor being a party. As to the covenants in a licence binding the assigns of the licensee, see *post*, Chapter on “Licences,” pp. 185, 186.

(b) Omit reference to this or any other day if the assignment is dated on a half-yearly day. Recite also (if so arranged) that “the vendor has duly paid all royalties and other sums reserved by the said licence owing up to the date hereof.”

PASO. IX.

part of the licensee to be observed and performed have been observed and performed up to this present time: AND THE PURCHASER doth hereby covenant with the vendor that he will as from the said _____ day of _____ last (c) pay the royalties and other sums by the said licence reserved and also will perform and observe all the covenants and conditions therein contained and on the part of the licensee henceforth to be performed and observed and keep the vendor indemnified against all actions claims and expenses in respect of the same royalties sums covenants and conditions or any of them respectively (d).

IN WITNESS, &c. (e).

THE SCHEDULE.

(c) If the assignment is dated on a half-yearly day, say "henceforth" only. Or if so arranged the vendor can satisfy royalties up to date, and the covenant can be made to apply only to future royalties.

(d) The covenants by the licensee are personal to him and binding through the term, unless otherwise expressed. See *ante*, p. 128.

(e) The deed should be registered, see *ante*, pp. 23, 24.

X.

ASSIGNMENT of a LICENCE—the Licensor being a Party (a).

FORM. X.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the vendor") of the first part E. F. of &c. (hereinafter called "the licensor") of the second part and C. D. of &c. (hereinafter called "the purchaser") of the third part [*Recite as in last precedent with any necessary variations*]: AND WHEREAS in the said licence it is provided that the licensee shall not assign the same without the consent in writing of the licensor: AND WHEREAS the licensor hath agreed to enter into these presents in order to testify his consent to the assignment of the said licence to the purchaser upon the terms that the purchaser shall covenant with him as hereinafter expressed. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreements in this behalf and in consideration of the sum of £——— this day paid to the vendor by the purchaser (the receipt whereof is hereby acknowledged) and also in consideration of the premises he the vendor as beneficial owner doth hereby assign and he the licensor by the direction of the vendor as such beneficial owner doth hereby confirm unto the purchaser ALL THAT licence dated &c. and the full benefit thereof To HOLD the same unto the purchaser and his assigns subject to the covenants and conditions therein contained and henceforth on the part of the licensee to be performed or observed: AND THE VENDOR doth hereby covenant &c. [*As to the validity of the licence as in last precedent*]: AND THE LICENSOR doth hereby covenant with the purchaser that notwithstanding &c. [*Covenants as to the validity of the patent as in Assignment I., ante, adding "and he now hath full power to confirm the said licence in manner aforesaid"*]: AND THE PURCHASER doth hereby covenant with the vendor and as a separate covenant also with the licensor and his assigns (b) that he the purchaser will as from the said ——— day of ——— last (c) pay the royalties and other sums by the said licence reserved and also will perform and observe all

(a) See last precedent as to the licensor not being a party. As to the covenants in a licence binding the assigns of the licensee, see *post*, Chapter on "Licences," pp. 185, 186.

(b) The benefit of these covenants as choses in action can be assigned by the licensor both at law and in equity. See now the Judicature Act, 1873 (36 & 37 Vict. c. 66), s. 25, sub-s. 6.

(c) Or "from henceforth," as arranged.

Prec. X.

Proviso that
vendor be not
released from
his obliga-
tions under
the licence.

the covenants and conditions therein contained and on the part of the licensee henceforth to be performed and observed and doth hereby also covenant with the vendor that he the purchaser will henceforth keep the vendor indemnified against all actions claims demands and expenses in respect of the said royalties covenants and conditions or any of them respectively: PROVIDED ALWAYS that nothing herein contained shall be construed or operate so as to absolve the vendor as against the licensor or his assigns from any of his obligations under the said licence.

IN WITNESS, &c.

THE SCHEDULE.

XI.

DEED OF PARTITION of a Patent.

PREC. XI.

THIS INDENTURE made &c. BETWEEN A. B. of &c. of the first part C. D. of &c. of the second part and E. F. of &c. of the third part [*Recite grant of patent to the parties jointly*]: AND WHEREAS the said parties have agreed to make such partition of their rights under the said letters patent as hereinafter expressed: AND WHEREAS it has also been agreed that for equality of partition the said A. B. shall pay to the said E. F. the sum of £A and the said C. D. shall pay to the said E. F. the sum of £B. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the sum of £A this day paid by the said A. B. to the said E. F. and of the sum of £B this day paid by the said C. D. to the said E. F. (the receipt of which sums of £A and £B respectively the said E. F. doth hereby acknowledge) and also in consideration of the premises every two of them the said A. B. C. D. and E. F. as beneficial owners respectively according to the terms of the said letters patent do and each of them doth hereby assign and release unto the third of them ALL THOSE the said invention and letters patent and the sole and exclusive benefit thereof and of every extension thereof and all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent for the districts or places mentioned opposite the name of such third person in the Schedule hereto but not for any other district or place To HOLD use exercise and enjoy the said premises unto and by such third person aforesaid and his assigns absolutely (a). AND IT IS HEREBY AGREED AND DECLARED that the amounts of the respective fees for the renewal of the said letters patent and any other letters patent for the time being subject hereto respectively shall be borne by and between the said parties in the following proportions namely as to the said A. B. —ths as to the said C. D. —ths and as to the said E. F. —ths and that any moneys paid in this respect &c. [*as in Assignment IV., ante, p. 145, using the term "any party" instead of "owner," and "parties" instead of "owners"*]: AND ALSO that each party shall from time to time after making any improvement in &c. [*mutual covenant as to improvements, &c. as in Assignment IV., ante, using the term "party" for "owner," but*

Recitals.
Grant of patent to all jointly.
Agreement
for partition.
Sums to be paid for equality.
Testatum.
Release by every two to the third one of the rights over the district allotted to him.

Mutual covenants.
Fees borne in certain proportions.

Improvements, &c.

(a) Any covenant as to the validity of the patent seems hardly necessary.

PARC. XI. *providing that the letters patent or rights shall be "held by the parties respectively for the same districts or places and otherwise subject to the like terms, &c." (b)]. AND IT IS HEREBY ALSO AGREED AND DECLARED that the said letters patent respectively shall be in the joint custody of the said parties or in the custody of such person or persons as they shall from time to time jointly appoint for the benefit of the said parties respectively: AND ALSO that except where in any case the context requires a different interpretation the expression "the said A. B." or "the said C. D." or "the said E. F." or other expressions referring to any party hereto whenever used herein shall extend and be construed also to apply as far as possible to the assigns of the person so designated.*

The patent to be in joint custody of all.

Transmission clause.

IN WITNESS, &c. (c).

(b) A covenant as to any extension of the patent is omitted, as no party is a vendor (see *Assignments I. and II.*), so that any other party could call upon him to covenant in this respect, and also because the benefits of an extension may vary according to the district. The question is therefore left to future arrangement.

(c) The assignment should be executed as a deed, and be registered See last note to *Assignment I., ante.*

MORTGAGES.

I.

MORTGAGE of a PATENT, with Provisions for FUTURE ADVANCES, AND REDUCTION OF INTEREST—*Moneys to remain for a TERM CERTAIN* (a). PART. I.

[*Ordinary Form.*]

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the mortgagor") of the one part and C. D. of &c. (hereinafter called "the mortgagee") of the other part: WHEREAS (b) the mortgagor was the true and first inventor of improvements in the process of &c.: AND WHEREAS by letters patent &c. [*recite grant of patent and devolution (if any) of title or simply that the mortgagor is absolutely entitled to the invention and letters patent mentioned in the Schedule hereto* (c)]: AND WHEREAS the mortgagor has applied to the mortgagee for a loan of £—— to be secured together with interest thereon by mortgage of the said invention and letters patent and all extensions thereof and otherwise as hereinafter expressed (d): AND WHEREAS it is intended that all future advances (if any) made by or other moneys hereinafter becoming owing to the mortgagee to or from the mortgagor shall together with interest thereon also be secured hereunder. NOW THIS INDENTURE WITNESSETH that in consideration of the sum of £—— this day paid by the mortgagee to the mortgagor (the receipt whereof is hereby acknowledged) the mortgagor doth hereby covenant with the mortgagee that he the mortgagor will pay to the mortgagee on the —— day of —— next the sum of £—— together with interest thereon at the rate of 6 per cent. per annum and also within six calendar months from the time or times of the same respectively being advanced or becoming due such other principal

Recitals.
Invention, grant and title.

Application for loan.

Future advances to be included.

1st Testatum.
In consideration of present advances.
Covenant to repay with interest in six months.
And to repay further advances with interest with-

(a) As to the contents of a mortgage, see *ante*, pp. 128, 131.

(b) This recital may be merged, together with that of the grant (if made to the mortgagor), in a recital that "the mortgagor is absolutely entitled to the invention and letters patent mentioned in the Schedule hereto."

(c) See last note. As to recitals of grants, see pp. 111, 112, *ante*, and also *Forms* 2—4, pp. 49, 50, *ante*.

(d) As to colonial and foreign patents, see *ante*, pp. 36, 365. If such are intended to be mortgaged there should be a preliminary agreement for the purpose, and the mortgages will of course be effected according to the laws of the particular countries respectively.

<p>PREC. I. in six months from same. 2nd Testatum. Assignment of patent and extensions.</p>	<p>moneys (if any) as may be advanced by the mortgagee to or become due to him by the mortgagor together with interest thereon at the rate aforesaid from the time or times of the same respectively being advanced or becoming due. AND THIS INDENTURE ALSO WITNESSETH that for the consideration aforesaid the mortgagor as beneficial owner (e) doth hereby assign unto the mortgagee ALL THOSE the said invention and letters patent and the sole and exclusive benefit thereof and of all extensions thereof and all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent To HOLD the said invention letters patent and premises unto the mortgagee and his assigns subject to the proviso for redemption hereinafter contained:</p>
<p>Proviso for redemption.</p>	<p>PROVIDED ALWAYS that if the mortgagor shall pay to the mortgagee the sum of £—— with interest for the same in the meantime at the rate of 6 per cent. per annum on the said —— day of —— next and shall also within six calendar months from the time or times of the same respectively being advanced or becoming due pay to the mortgagee such other principal moneys aforesaid together with interest thereon at the rate of 6 per cent. per annum from the time or times last aforesaid then the mortgagee will at any time thereafter at the request and cost of the mortgagor reassign to him the said premises: AND THE MORTGAGOR doth hereby covenant with the mortgagee that if the said sum of £A or any part thereof shall remain unpaid after the said —— day of —— next or if any other principal moneys advanced or owing hereunder or any part or parts thereof respectively shall remain unpaid after the expiration of six calendar months from the time or times of the same respectively being advanced or first becoming owing he the mortgagor will pay to the mortgagee so long as the said sum of £—— or part thereof or such other principal moneys or part or parts thereof respectively shall remain unpaid interest on such sum or other moneys or on such part or parts thereof respectively aforesaid at the rate of 6 per cent. per annum by equal half-yearly payments on the —— day of —— and the —— day of ——:</p>
<p>Covenant to pay interest after the fixed dates on sums remaining unpaid.</p>	<p>PROVIDED ALWAYS that if the mortgagor shall on any —— day of —— or —— day of —— or within thirty days next thereafter pay to the mortgagee interest for the said sum of £—— or other principal moneys aforesaid or such part thereof respectively as shall then remain unpaid at the rate of 5 per cent. per annum then such payment of interest shall be accepted by the mortgagee in full discharge of all interest payable hereunder for the half-year in respect of which such payment shall have been made: PROVIDED ALSO that if the mortgagor shall on every —— day of —— and —— day of —— until the —— day of ——</p>
<p>Proviso for reduced in- terest on punctual payment.</p>	<p>18— (f) or within thirty days after each of the said days respectively pay to the mortgagee interest for the said sum of £——</p>
<p>If interest punctually paid moneys to remain for term certain.</p>	

(e) See as to what covenants are to be implied in a mortgage deed from the use of the term "beneficial owner," sect. 7, sub-s. (1) C of the Conveyancing Act, 1881 (Appendix, p. 371, *post*).

(f) The end of the fixed term.

and other principal moneys (if any) aforesaid at the rate of 5 per cent. per annum up to the same half-yearly days respectively and shall perform and observe all the covenants and conditions herein contained or to be implied and on his part to be performed or observed then the mortgagee will not before the said — day of — 18— (f) call in the said sum of £— or other principal moneys aforesaid or any part thereof respectively: PROVIDED ALSO that the mortgagor shall not before the said — day of 18— (f) compel the mortgagee to receive the said sum of £— or any other principal moneys aforesaid or any part or parts thereof respectively: AND THE MORTGAGOR doth hereby covenant with the mortgagee that the said letters patent are now valid and subsisting and not void or voidable (g): AND THAT the mortgagor will during the continuance of this security pay all fees necessary for the renewal of the said letters patent one calendar month at least before the latest time provided by law for payment of the same respectively and shall do all other acts and things necessary for keeping up and maintaining the said letters patent and will send or deliver to the mortgagee the receipt for every such payment immediately after the same shall have been made and that in default of the mortgagor paying any such duty or other money or any part thereof or doing any such other act or thing last aforesaid the mortgagee may if he shall think fit himself make such payment or do or cause to be done such act or thing: AND ALSO that the mortgagor will during the continuance hereof make every endeavour to detect and prevent any suspected or actual infringement of the said letters patent and inform the mortgagee of every suspected or ascertained infringement thereof as soon as the same shall be suspected or ascertained by him and if and when required in writing by the mortgagee so to do will commence or take and prosecute or defend all legal or other proceedings necessary or suitable for the protection of the said letters patent or the recovery of damages for or restraining the infringement thereof or will permit the mortgagee (if so willing) so to do and assist him in any such proceedings accordingly: AND ALSO that all moneys and expenses (if any) when paid by the mortgagee for or in respect of any renewal fees or other charges or any proceedings or other matters aforesaid shall remain on the security hereof as moneys advanced as aforesaid (h): PROVIDED ALWAYS that until the mortgagee shall become entitled to exercise the power of sale to be implied herein (i) the mortgagor shall be at liberty to use and work the said invention without interruption from the mortgagee and also may [but so that he shall in each case give to the mortgagee — days

PARC. I.

Mortgagee not obliged to accept repayment before end of term.

Covenants.

Validity of patent.

For payment of renewal fees and keeping up of patent.

Detect infringements, &c. and take proceedings, &c.

Repay moneys expended by mortgagee for above purposes.

Powers for mortgagor to use invention and grant licences until power of sale is exercisable.

(f) The end of the fixed term.

(g) This is an unqualified covenant according to the usual practice in mortgages. See *ante*, p. 128.

(h) This provision may be varied by making these moneys, &c. payable on demand, together with interest at the rate, &c., and in the meantime to be charged, together with interest, on the premises.

(i) As to this power, see sects. 19—22 of the Conveyancing Act, 1881 (Appendix, *post*, pp. 375—7).

PRÆC. I.

The mort-
gagor to give
notice of the
grants and
particulars.

Such licences
not to be im-
peached by
mortgagor
but remedy in
damages only.

Covenant as
to improve-
ments, &c.

at least notice in writing of his intention so to do and of the particulars thereof] in the joint names of himself and the mortgagee (and as the attorney of the mortgagee where necessary for this purpose but not so as to involve the mortgagee in any personal liability) grant licences (other than sole and exclusive or partially exclusive ones) to use and work the said invention as from the dates thereof respectively for the whole or any part of the term comprised in the said letters patent at the highest rent or royalties that can reasonably be gotten respectively payable half-yearly but unless with the written consent of the mortgagee first obtained not for premiums merely or for premiums and royalties together respectively and each licence aforesaid shall contain provisions enabling the licensors to determine the licence on default being made for thirty days in the payment of any royalties after the respective times therein appointed for the payment of the same or in case of the breach by any licensee thereunder of any other of the covenants and conditions therein contained and on his part to be performed or observed and such licensee shall execute a counterpart of his licence (j): AND FURTHER the mortgagor shall within fourteen days after the execution of every such licence furnish the mortgagee with particulars in writing of the contents thereof: PROVIDED ALSO that from and after the time when the mortgagee shall first become entitled to exercise the statutory power of sale to be implied herein (k) but subject to any licences which may have been granted as hereinbefore authorized it shall be lawful for him alone to work the said invention and to grant licences in respect thereof whether sole and exclusive or non-exclusive or limited or otherwise and whether at royalties or premiums only or royalties and premiums together and for such terms of years and upon such other conditions respectively as he may think fit and that no licence so granted by the mortgagee shall be impeachable by the mortgagor on the ground that no case had arisen to authorize the same or that the power to grant such licence had been improperly or irregularly exercised but that the mortgagor or any other person damaged by an unauthorized or improper or irregular exercise of such power of licensing shall have his remedy in damages against the mortgagee or other person who so exercised the power: AND THE MORTGAGOR doth hereby also covenant with the mortgagee that every improvement in or addition to the said invention or new discovery useful for the manufacture of ——— (l) now (if at all) in his knowledge and possession or which shall be made or

(j) The above proviso is adapted from one to the like effect in Key and Elphinstone, Vol. II. p. 365 (Mortgage of Letters Patent).

(k) As to this time, see sect. 20 of the Conveyancing Act, 1881 (Appendix, post, p. 376). After taking possession, which the mortgagee can do at any time unless precluded by a proviso for quiet enjoyment by the mortgagor until default, the mortgagee can grant licences, which might be defeated by the mortgagor after he has redeemed. The proviso in the text gives the mortgagee a power to grant licences which cannot be so defeated. See *ante*, pp. 130, 131.

(l) As to improvements, &c., see *ante*, pp. 33—36.

acquired by him (but not his assigns) during the continuance of this security whether possessed made or acquired by him solely or in conjunction with any other person or persons and whether patented or not shall together with all patent rights (if any) within the realm obtained in respect thereof but to the extent only of his interest therein be comprised in this security and that the mortgagor will give the mortgagee notice in writing of every such improvement addition or discovery having been first possessed or made or acquired by him as aforesaid immediately after the same shall have happened and will so far as practicable make him a co-applicant with the mortgagor for any letters patent in respect thereof and at the expense of the mortgagor communicate and explain to the mortgagee or his agents every such improvement addition or discovery and at the like expense execute and do all assurances and things necessary or suitable to make the said improvement addition or discovery and any patent rights in respect thereof but to the extent only of the interest of the mortgagor therein a complete security for the repayment of the moneys intended to be hereby secured as nearly as may be as if the same had or could have been included in the premises as shall be reasonably required by the mortgagee: AND LASTLY that the mortgagor will at his own expense execute and do all assurances and things necessary or suitable for enabling the mortgagee to obtain by way of like security as aforesaid the benefit of any extension of the term comprised in the said letters patent or to the extent of the interest of the mortgagor therein of any term which may be comprised in any other letters patent for the time being subject hereto as shall be reasonably required (m). AND IT IS HEREBY DECLARED that except where the context requires a different interpretation each of the expressions "the mortgagor" and "the mortgagee" shall wherever used herein be also applicable as far as possible to the assigns of the person designated thereby.

Para. I.

And extensions.

Transmission clause.

IN WITNESS, &c. (n).

(m) As to extensions, see *ante*, p. 19.

(n) The deed should be registered. As to registration generally, see sects. 23, 85, and 87 of the Act of 1883 (Appendix, *post*, pp. 313, 321, 322), and *ante*, pp. 23—25.

For a clause as to service of notices, use *Sp. Cl.* 51, *post*, p. 242.

II.

PREC. II. **MORTGAGE** *of a Patent by ONE CO-PATENTER (the Inventor) to THE OTHER for past and present Advances, in pursuance of AGREEMENT made pending Application for Patent—The Agreement having CHARGED the Patent rights with repayment, and the JOINT GRANT having been obtained as ADDITIONAL SECURITY—Interest at FIXED RATE, and also ACCORDING TO PROFITS—On Redemption the Entirety to be assigned to Inventor—[AGREEMENT I. carried out (a).]*

Recitals.

Invention.
Application
for patent
and pro-
visional pro-
tection.

Agreement
for the mort-
gage.
(Agreement I.
ante.)

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the mortgagor") of the one part and C. D. of &c. (hereinafter called "the mortgagee") of the other part: WHEREAS the mortgagor as inventor of a new and improved process &c. made his application for letters patent on the ——— day of ——— 18— and obtained provisional protection in respect of the said invention on the ——— day of &c.: AND WHEREAS by an agreement (b) dated &c. and made between the mortgagor of the one part and the mortgagee of the other part it was agreed (amongst other things) that on the respective events therein mentioned the mortgagee should advance moneys to the mortgagor by instalments amounting altogether to the sum of £A to enable him to obtain the patent for and establish himself at ——— in the business of working the said invention: AND THAT as soon as the mortgagee should have advanced the mortgagor the sum of £B he should be entitled to be made an applicant for the grant of the patent jointly with the mortgagor: AND THAT immediately after the grant thereof the mortgagor should execute a mortgage thereof or of all his interest therein so that the entirety thereof should be vested in the mortgagee to secure the repayment of all advances under the said agreement together with interest as therein provided and so that on redemption the entirety of the said patent should be assigned to the mortgagor: AND THAT until the said mortgage should be executed the patent rights for the time being comprised in the said agreement should stand charged with the repayment of the principal moneys and

(a) See this agreement, p. 59, *ante*.

(b) *Agreement I., ante.*

interest as aforesaid and the mortgagor should hold the same in trust for the mortgagee to enable him more effectually to enforce the said charge (where necessary): AND WHEREAS ad valorem stamp duty as on a mortgage namely £—— has been paid on the said agreement to the full extent of the said sum of £A (c): AND WHEREAS the said patent was duly sealed on the —— day of —— last and granted to the said parties in their joint names: AND WHEREAS in pursuance of the said agreement the mortgagee advanced to the mortgagor the sum of £B on the —— day of —— last and the sum of £C on the —— day of —— last: AND WHEREAS all interest as aforesaid has been duly paid to the mortgagee on the said sums of £B and £C up to the date hereof (d): AND WHEREAS the mortgagor hath established himself at —— aforesaid in the business of working and hath for some time worked the said invention: AND WHEREAS these presents are intended to be the said mortgage with certain modifications (e). NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the said sums of £B and £C so advanced by the mortgagee to the mortgagor as aforesaid and of the sum of £D now paid (f) by the mortgagee to the mortgagor making together with the said sums of £B and £C the said sum of £A (the receipt of which said sums of £B £C and £D respectively the mortgagor doth hereby acknowledge) he the mortgagor doth hereby covenant with the mortgagee that he the mortgagor will pay to the mortgagee on the —— day of —— next (g) the sum of £A together with interest thereon from the date hereof firstly at the rate of —— per cent. per annum and secondly to the extent of one-third share of the net profits (if any) of the said business for the half-year then ending or such part of the said one-third share as shall be equal to —— per cent. (h) of the said sum of £A. AND THIS INDENTURE ALSO WITNESSETH that for the consideration aforesaid the mortgagor as beneficial owner to the extent hereinbefore appearing (i). doth hereby assign and release unto the mortgagee the said invention and letters patent and the sole and exclusive benefit thereof and of all extensions thereof and all rights powers emoluments and advantages whatsoever under or in respect of the said letters patent To HOLD the said invention letters patent and pre-

PREC. II.

Full stamp duty paid on agreement.

Joint patent sealed.

Sums advanced under the agreement.

Interest paid up to date.

Mortgagor established in business of working patent.

1st Testatum.

In consideration, &c. and final advance now made.

Covenant to pay principal and interest on fixed day.

Interest at fixed rate and also according to profits.

2nd Testatum.

Assignment and release of patent.

(c) See Stamp Act, 1870, tit. "Mortgage," &c. The stamp duty on the above mortgages will be sixpence per 100*l.* (*ibid.*).

(d) This will be found convenient, and can be deducted from the final advance about to be made. The covenants for payment of principal can thus be simplified, although in variance of the agreement in this respect.

(e) These will, in particular, be as to the times for repayment.

(f) Before advancing this sum the mortgagee should, of course, see that the register discloses no means incumbrances.

(g) At the end of six calendar months.

(h) In fixing this percentage it should be noticed that the period is half-a-year only. As to this kind of interest, see pp. 29, 30, *ante*.

(i) This saves the full statement of the mortgagor's interest. He virtually covenants as beneficial owner of the entire patent subject to the agreement and charge, and any acts of the mortgagee in respect thereof.

PRINC. II. Proviso for redemption.	mises unto the mortgagee subject to the proviso for redemption hereinafter contained: PROVIDED ALWAYS that if the mortgagor shall on the ——— day of ——— next pay to the mortgagee the sum of £A with interest for the same in the meantime firstly at the rate of ——— per cent. per annum and secondly to the extent of one-third share of the net profits (if any) of the said business for the half-year then ending or such part of the said share as shall be equal to ——— per cent. of the said sum of £A then the mortgagee will at any time thereafter at the request and cost of the mortgagor assign to him the entirety of the said invention letters patent and premises: AND THE MORTGAGOR doth hereby covenant with the mortgagee that if the said sum of £A or any part thereof shall remain unpaid after the said ——— day of ——— next he will pay to the mortgagee half-yearly on every ——— day of ——— and ——— day of ——— interest (<i>j</i>) thereon or on such part aforesaid firstly at the rate of ——— per cent. per annum and secondly to the extent of one-third share of the said net profits (if any) for the time being or such part of the said one-third share as shall be equal to ——— per cent. of the principal sum for the time being remaining unpaid hereunder: PROVIDED HOWEVER that if the mortgagor shall on every ——— day of ——— and ——— day of ——— until the ——— day of 18— (<i>k</i>) or within thirty days after each of the said days respectively pay to the mortgagee interest for the said sum of £A at the rate first mentioned in this behalf and also further interest in respect of one-third share of net profits as aforesaid up to the same half-yearly days respectively and shall perform and observe &c. [<i>Remainder and following proviso as at p. 169 in last precedent</i>]: AND THE MORTGAGOR doth hereby covenant with the mortgagee that the said letters patent are now valid and subsisting and not void or voidable and that the mortgagor will &c. &c. (<i>Continue as in last precedent to the end thereof but inserting Form 13, p. 51, ante (with the necessary variations as to expenses and otherwise) as to half-yearly accounts inspection &c. immediately before the covenant as to improvements or additions</i>]. AND IT IS HEREBY DECLARED that for the purpose (if necessary) of protecting the mortgagee against any mesne incumbrances the charge effected by the hereinbefore recited agreement dated &c. as aforesaid shall be kept on foot (<i>l</i>). AND IT IS HEREBY DECLARED that &c. [<i>Transmission Clause as in last precedent</i>]. IN WITNESS, &c. (<i>m</i>).
Further like interest after day of redemption.	
Moneys to remain for term certain if interest punctually paid.	
<i>Covenants.</i> Validity of patent.	
Other clauses. (See Mortgage I., ante.)	
Charge kept on foot.	

(*j*) The same two kinds or rates of interest as before.

(*k*) The end of the fixed term.

(*l*) This is to prevent, if possible, merger of securities, in case the agreement should not have been executed as a deed, or registered.

(*m*) The deed should, of course, be registered.

For a clause as to service of notices, use *Sp. Cl. 51, post, p. 242*.

III.

MORTGAGE of a LICENCE (*the LICENSOR not being a Party*) (a). PREC. III.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the mortgagor") of the one part and C. D. of &c. (hereinafter called "the mortgagee") of the other part: WHEREAS by a licence under seal dated &c. [*recite licence as in Assignment IX., ante*]: AND WHEREAS the mortgagor hath requested the mortgagee to advance him the sum of £—— to be secured together with interest thereon by mortgage of the said licence in manner hereinafter appearing. NOW THIS INDENTURE WITNESSETH that in consideration &c. he the mortgagor doth hereby covenant &c. [*first testatum in Mortgage I., p. 167, ante, except as to future advances*]. AND THIS INDENTURE ALSO WITNESSETH that for the consideration aforesaid he the mortgagor as beneficial owner doth hereby assign (b) &c. [*as in Assignment IX., ante, p. 161, to the end of the habendum*] and also subject to the proviso for redemption hereinafter contained: PROVIDED ALWAYS that if &c. [*proviso for redemption as in Mortgage I., ante, p. 168, except as to future advances*]: AND THE MORTGAGOR doth hereby covenant with the mortgagee, &c. [*covenant for payment of interest after redemption day, as in Mortgage I., ante, p. 168, except as to future advances and reduction of interest, &c.*]: AND THE MORTGAGOR doth hereby also covenant with the mortgagee that the said licence is now valid and subsisting and that all the royalties reserved by the said licence have been paid up to the ——— day of ——— last (c) and that all the covenants and conditions therein contained and on the part of the licensee to be observed and performed have been observed and performed up to this present time: AND THAT the mortgagor will during the continuance of this security duly pay all royalties and other sums (if any) due under the said licence and observe and perform all the covenants and conditions in the said licence contained and on the

Recitals.

Licence.

Intended loan.

1st Testatum.

Covenant to pay principal and interest on redemption day.

2nd Testatum.

Assignment of licence subject to proviso for redemption.

Proviso for redemption.

Covenant for further interest.

Covenants as to validity of licence.

For payment of royalties, &c.

(a) If the licensor is made a party, see next precedent.

(b) There is no need of assuring the licence by way of demise, as covenants relating to personalty (not being leaseholds) do not run with the property. See *Spencer's Case*, 5 Coke, 16, and 1 Smith's L. Cas., and notes thereto. The mere assignment does not fix the mortgagee with liability.

(c) The last half-yearly or other date for payment of royalties.

PREC. III.
 Quiet enjoy-
 ment by
 mortgagor
 until redemp-
 tion day.
 Transmission
 clause.

part of the licensee to be observed and performed. AND IT IS
 HEREBY DECLARED (d) that until the said ——— day of
 ——— next the mortgagor shall be at liberty alone without inter-
 ruption from the mortgagee to exercise and enjoy all or any of the
 powers and rights conferred by the said licence. AND IT IS
 HEREBY ALSO DECLARED &c. [*Transmission Clause as in*
Mortgage I., ante].

IN WITNESS, &c. (e).

(d) If the licensee (mortgagor) has power to grant sub-licences, provisoes
 similar to those in *Mortgage I., ante*, as to the use of the invention and granting
 of licences by the mortgagor and mortgagee respectively, should be inserted
 in substitution of the above declaration.

(e) The mortgage should be registered.

For a clause as to service of notices, use *Sp. Cl. 51, post*, p. 242.

IV.

MORTGAGE of a Licence (the LICENSOR being a Party) (a).

PREC. IV.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the mortgagor") of the first part E. F. of &c. (hereinafter called "the licensor") of the second part and C. D. of &c. (hereinafter called "the mortgagee") of the third part: WHEREAS by a licence under seal dated &c. [*recite licence as in Assignment IX., ante, but with mention of the rent*]: AND WHEREAS in the said licence it is provided that the licensee shall not assign mortgage or incumber the same without the consent in writing of the licensor (b): AND WHEREAS the mortgagee hath agreed to advance the mortgagor the sum of £—— to be secured together with interest thereon by mortgage of the said licence: AND WHEREAS the sum of £A is now owing to the licensor in respect of rent due to him under the said licence on the —— day of —— last: AND WHEREAS except as aforesaid all payments of rent and royalties and other sums under the said licence have been duly made up to the said —— day of —— last: AND WHEREAS the licensor hath agreed to join in these presents in order to testify his consent to the assignment of the said licence to the mortgagee upon the terms that the sum of £A part of the said sum of £—— shall be paid to him the licensor in satisfaction of the said sum of £A so owing to him as aforesaid (c) and also that the mortgagee shall enter into the covenant hereinafter expressed to be entered into by him. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the sum of £A this day paid to the licensor by the mortgagee at the request of the mortgagor (the receipt whereof the licensor doth hereby acknowledge) and of the sum of £B this day paid to the mortgagor by the mortgagee (the payment and receipt of which sums of £A and £B making together the said sum of £—— the mortgagor doth hereby admit and acknowledge) he the mortgagor doth hereby covenant &c. [*covenant to pay principal*]

Recitals.

Licence.

Which is not to be assigned &c. without consent of licensor.

Agreement for advance.

A sum now owing to licensor for rent.

Other sums under licence satisfied.

Licensor agrees to join on payment of arrears and obtaining covenant from mortgagee.

1st Testatum.

Covenants to pay principal and interest on redemption day.

(a) If the licensor is not to be a party use last precedent.

(b) As to the effect of this covenant, see Chapter on "Licences," *post*, pp. 213, 214.(c) See note (i) to p. 213, *post* (Chapter on "Licences").

PREC. IV.

2nd Testatum.
Assignment
of licence.

Subject to
covenants &c.
in licence
and covenant
by mortgagee
and proviso
for redemp-
tion.

Proviso for
redemption.

Covenant for
further in-
terest.

And as to
validity of
licence, pay-
ment of future
rent &c.

Quiet enjoy-
ment by mort-
gagor until
redemption
day.

Covenants by
licensor with
mortgagee.

As to validity
of licence and
power to
confirm the
mortgage.

Covenant by
mortgagee
with licensor
to perform
covenants in
licence during
possession.

Proviso for
obligation to
cease on
mortgagee
procuring a
substituted
covenant
from assigns.

and interest, as in the first testatum in Mortgage I., ante, except as to future advances]. AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and for the considerations aforesaid he the mortgagor as beneficial owner doth hereby assign and he the licensor by the direction of the mortgagor as such beneficial owner doth hereby confirm unto the mortgagee ALL THAT the said licence dated &c. and the full benefit thereof: To HOLD the same unto the mortgagee and his assigns subject to the covenants and conditions in the said licence contained and on the part of the licensee to be performed and observed and to the covenant by the mortgagee and the proviso for redemption hereinafter contained: PROVIDED ALWAYS that if &c. [proviso for redemption, as in Mortgage I., ante, p. 168, except as to future advances]: AND THE MORTGAGOR doth hereby covenant with the mortgagee, &c. [covenant for payment of interest after the redemption day, as in Mortgage I., ante, p. 168, except as to future advances]: AND THE MORTGAGOR doth hereby also covenant with the mortgagee that &c. [covenants as to validity of the licence, payment of the rent and royalties, and observance, &c. of the covenants in the licence, as in last Precedent]. AND IT IS HEREBY DECLARED by the mortgagor and mortgagee that until the said ——— day of ——— next the mortgagor shall &c. [declaration as to quiet enjoyment, as in last Precedent]: AND THE LICENSOR doth hereby covenant with the mortgagee that notwithstanding &c. [covenants (qualified) as to the validity of the patent, as in Assignment I., ante, and that "the licensor hath now full power to confirm the said licence in manner aforesaid" (d)]: AND THE MORTGAGEE doth hereby covenant with the licensor that he the mortgagee or his assigns so long as he or they respectively shall have possession of the premises or be in the receipt of the profits thereunder whether during the continuance of this security or after the foreclosure of the equity of redemption in the premises or (as to the assigns last aforesaid) after the sale (if any) of the premises under the statutory power to be implied herein will perform and observe the covenants and conditions in the said licence contained and on the part of the licensee to be performed and observed for the time being (e): PROVIDED ALWAYS that the obligation of the mortgagee under this covenant shall on the assignment by him (with the consent of the licensor) of the premises whether by way of transfer of his mortgage hereunder or on sale by him of the premises or otherwise entirely cease as to the performance and observance by him of the covenants and conditions last aforesaid then remaining to be performed and observed and as to which no right of action shall then already have accrued if he the mortgagee shall procure from the transferee or assignee a substituted covenant by him with the licensor or his assigns to the like purport and effect as this present

(d) These covenants may be regarded as a set-off against the covenant by the mortgagee (see later).

(e) This covenant, coupled with the provisos which follow, will place the mortgagee on a similar footing to that of an assignee of a lease.

covenant so far as the same shall be applicable: PROVIDED ALSO PREC. IV.
 that nothing herein contained shall be construed or operate so as to
 absolve the mortgagor from any of his obligations under the said But no release
 licence. AND IT IS HEREBY DECLARED &c. [*transmission* to mortgagor
from his cove-
nants or
licence.
clause, as in Mortgage I., ante].

IN WITNESS, &c. (*f*).

(*f*) The mortgage should be registered. For a provision as to service of notices, see *Sp. Cl. 51, post*, p. 242.

LICENCES.

CHAPTER ON LICENCES.

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Definition of licence.	A LICENCE as to a patented invention may be defined to be the grant by the owner of the patent of an authority or right to use the invention (a). Where this right is to be exercised to the exclusion of all persons, including (generally) the owner himself and persons claiming under him, it is termed an exclusive licence for the district within which it is to be exercised. As ambiguous words in a deed will be taken most strongly against the grantor and in favour of the grantee (b), it is generally understood, and would no doubt be held, that, by the grant of "the full sole and exclusive licence" to use an invention within a district, the licensor and his assigns of the patent would be excluded from the use of it and be prevented from granting licences to other persons within the district (c). It is, however, a common practice to insert in an
Exclusive licence.	

(a) A licence to use an invention comprised in a patent is in fact a grant of a right by the patentee to the licensee (see, respecting the difference between a licence and grant, 15 Vin. Abr. tit. Licence (A)), and during the time it is in force it exempts the licensee either from the whole or some portion of the prohibition contained in the patent, and enables him to exercise the whole or some particular part of the privilege granted by the patent (Webs. 239). The only right which a licensee can acquire under the letters patent is a right of user (per Lord Eldon in *George v. Beaumont*, 1 Carp. P. C. 295, *quâ* right of a licensee to sue for infringement, as to which see *infra*, pp. 200, 201).

(b) "Verba fortius accipiuntur contra proferentem" (Co. Litt. 36a; Bac. Max. Reg. 3; 2 Bl. Com. 380).

(c) Hindmarch, p. 240, says:—"Unless then the licensor retains a right to use the invention himself, an exclusive licence for the entire term shows that the parties intended the licensee to have the sole right to exercise the whole or some particular portion of the privilege comprised in the patent, and also that the licensor should not have the power to grant any other licence, &c." Coryton, p. 120, says to the effect that a licence of the exclusive use of an invention amounts to an assignment, in the same way that a demise by a lessee for the whole term amounts to an assignment of the premises to the underlessee. It is submitted, however, that the analogy in such case is not complete, as, in the case of the demise, unlike that of the licence, the right (if any) claimed by the grantor to the premises is entirely inconsistent with his grant.

exclusive licence a covenant by the licensor that he and his assigns will not, during the continuance of the licence, use the invention or grant other licences in respect of it within the district (*d*). If the licensor should in derogation of the exclusive licence grant a licence to another person, the question of priority between the two licences will depend on the respective times of registration of them, subject to the equitable doctrine as to notice (*e*). Effect of later licence to another person.

A licence may, of course, be only partially exclusive or non-exclusive, *e. g.* where the licensor has already granted non-exclusive licences for the same district, or covenants not to grant more than a limited number of other licences in the district, or where the effect of the operative part of the grant expressing the exclusiveness is modified by a proviso that, in certain events, such as a breach of certain covenants or the failure of the licensee to work the invention profitably (*f*), the licence shall become non-exclusive or the licensor may grant other licences to a limited extent. Partially exclusive licences.

As no particular form seems needed for an assignment of a patent, it may happen that the grant of a licence substantially amounts to the grant of all the rights covered by the patent. In such a case, the licence will be construed as an assignment of the patent (*g*). Licence may amount to an assignment.

(*d*) See *Sp. Cl.* 29, p. 236, *post*. In *Hindmarch*, p. 240, it is stated that an exclusive licence usually contains a covenant by the patentee that he will not grant any other licence to interfere with the licensee's privilege, but that it is doubtful whether such a licence or covenant divests the patentee of all power to grant a licence contrary to his covenant, although he would clearly render himself liable to an action if he were to grant a licence contrary to his covenant. This statement, however, appeared in 1846, before the establishment of any register of patents or licences, and must now be modified by taking into account the protection given by the late Act of 1852 (15 & 16 Vict. c. 83), sect. 35, and the Act of 1883, sect. 87 (*Appendix, post*, p. 322), to register licences.

(*e*) As to registration generally, see sects. 23, 85, and 87 of the Act of 1883 (*Appendix, post*, pp. 313, 321, 322); and see also pp. 23—25, *ante*.

(*f*) For a proviso as to unprofitable working, see *Sp. Cl.* 50, *post*, p. 242.

(*g*) As to a licence amounting to an assignment, see *Hindmarch*, 241 *et seq.* The opinion seems to be there expressed that any reservation to the patentee [owner of patent] or any condition to avoid the licence, will prevent the licence from being construed as an assignment. An exclusive licence operating as an assignment is there treated as on a similar footing to that of a demise by a *lessee* of all the term (*Palmer v. Edwards*, 1 Doug. 187, n.; *Parmenter v. Webber*, 8 Taunt. 593; see also *Beaumont v. Marquis of Salisbury*, 19 Beav. 198; and *Beardmore v. Wilson*, L. R. 4 C. P. 57). The reservation, however, must, it is submitted, be that of the patent rights on

Should be
under hand
and seal.

But if not,
might be good
as between
parties ;

though it can-
not be regis-
tered nor
enable licensee
to take pro-
ceedings for
infringement ;
and no estop-
pel from the
recitals.

Assignment
of a licence.

A patent usually provides that licences should be under the hand and seal of the patentee or his assigns (*h*) ; but delivery also is not required in order to constitute the licence a deed (*i*).

As between the licensor and licensee, however, a licence by parol, whether expressed in writing or not, may be good, if acted upon by the parties for a time, especially where royalties have been paid on the patent articles manufactured by the licensee in accordance with the licence (*j*). Such a licence could not, it is presumed, be registered at the Patent Office, nor would the licensee as such, in the name of the licensor or otherwise, be enabled successfully to prosecute any action for infringement of his alleged rights (*k*). Further, no estoppel would arise from any recital or statement in such a licence (*l*).

A licence is not assignable if the grant of it is not expressed to

some contingency, as the mere reservation of rent or royalties, without power of resumption on default, will not give the licensor any interest in the patent itself. On the same point, see also *ante*, p. 111, n.

(*h*) See the form of a patent under the present practice as to the grant of licences, *Form I.*, *ante*, p. 48. For the contents of a patent under the late acts, see *ante*, pp. 5, 6.

(*i*) See *Chanter v. Johnson* (1845), 14 Mees. & Wels. 411, where it was held that no stamp was necessary, as a licence rather resembled a warrant or award, which, though under seal, was not a deed. There the licence did not purport to be sealed and delivered. In *Evans v. Grey*, 9 L. R. (Ir.) 539, it was decided that an attestation clause "signed, sealed, and delivered," &c., is *prima facie* evidence of delivery, and that leaving the deed on a table "for a few seconds" is a sufficient delivery (per Sullivan, M.R., as cited in *Elph. N. & C.* in the Addenda).

(*j*) *Crossley v. Dixon*, 10 H. L. Cas. 293. In *Chanter v. Dewhurst* (12 Mees. & Wels. 823), it was decided that a person having obtained a licence not under seal, for which he had bargained, was bound to pay for it, and that although the patent required the licence to be under hand and seal, the licence was not void. Alderson, B., said :—"To grant a licence not under seal is a contempt of the Crown, but does not exempt the man to whom it is granted, and who derives a benefit from it, from paying the price of it." It was not decided, however, that the licensor had an absolute power to grant licences not under seal. Further, the licence was to make the patent machine for use on the premises ; and the same judge considered the licensee was, for such a purpose, only an agent of the licensor, and that he was not thereby holding himself out as the inventor contrary to the terms of the patent. As to estoppel by judgment, see *Goucher v. Clayton*, 11 Jur. N. S. 107 and 462.

(*k*) See *post*, p. 200, as to actions for infringement by a licensee.

(*l*) See *post*, p. 191, as to estoppel by recitals in a deed. It does not seem to have been decided that estoppel can arise as to recitals, &c., in instruments under seal merely, and not delivered as deeds.

extend to assigns. A licence merely grants a power or dispenses with a right or remedy, and therefore confers a mere personal right upon the licensee which cannot be conferred on any other person, unless the grantor in the instrument itself makes the privilege which he grants assignable (*m*). It has been stated, however, that a licence is not in strictness assignable, even if the assigns of the licensee are mentioned in the licence as grantees, but that, in the latter case, the assigns become licensees at least by estoppel between them and the licensee, and also by virtue of the grant to the assigns (*n*).

As all the covenants in a mere licence are personal only, the assigns of the licensee will not at Common Law be bound by his covenants, notwithstanding that the latter are expressed to extend to assigns (*o*). In Equity, however, the assigns of a licensee, taking with notice (*p*) of his covenants (as would generally be the case either in fact or constructively), would be bound by the covenants to pay royalties, where they are to consist of a share of the net profits to be obtained by the use of the invention. On this see the case of *Werdermann v. Société Générale d'Electricité* (*q*), in which a covenant by an assignee of a *patent* that he and his assigns would pay the assignor a percentage on the net profits, was held to be binding on the assigns who took with notice of the covenant, and they were ordered to furnish accounts accordingly.

Covenants
how far bind-
ing on assigns
of licensees.

*Werdermann
v. Société
Générale
d'Electricité.*

(*m*) Hindmarch, 242.

(*n*) "A licence is not really assignable, but the assignment acts only as an estoppel between the parties" (per Jervis, C.J., in *Bower v. Hodges*, 22 L. J. C. P. 194). "Licensing a person and his assigns is licensing him and all whom he shall licence. You cannot say there is any particular form for passing a licence" (per Maule, J., *ibid.*). From the latter observation it would appear that in general, unless the context clearly requires another interpretation, the word "assigns" includes sub-licensees.

(*o*) See Chapter on "Assignments," *ante*, pp. 120, 121, as being applicable to licences also. The covenants by a licensee and a proviso avoiding the licence on the breach thereof, are absolutely necessary for the security of the licensor where any payments are reserved (Hindmarch, 244). If the licence is assignable, the licensee might after assigning become insolvent or quit the country, so that the patentee could not have any remedy against him for non-payment of the sums reserved (*ibid.*). And as the assignee would not be bound by the covenants of the licensee, the patentee would have no remedy against him in a court of law, and would be driven to have recourse to a suit in Equity (*ibid.*).

(*p*) As to notice, see sect. 3 of the Conveyancing Act, 1882, Appendix, *post*, p. 383.

(*q*) L. R. 19 Ch. D. 247 (Ct. App.), and *ante*, p. 120.

What covenants to pay bind assigns and what do not, *semble*.

One general rule to be deduced from that decision seems to be that the assignee of an owner of patent rights will be bound by the covenants of the latter to pay the sums reserved, where they are to form part of the fruits of the thing granted, *i.e.* the patent or licence, or to be virtually a charge on it (*r*). According, therefore, to the last-mentioned rule, a covenant to pay a percentage of or a part of the selling price of each patent article manufactured or sold would also bind the assigns of the licensee (*s*). Not so, however, *semble*, would be a covenant to pay rent or a premium by instalments or royalties at a fixed sum upon the articles manufactured or sold, unless the sums were charged on the patent rights of the licensee.

Passive covenants as to user of invention probably bind assigns.

It is submitted, nevertheless, that the assigns of a licensee taking with notice of the covenants by the latter to observe (not perform) certain conditions in the licence, will in Equity be themselves bound to observe them, on the ground that, or so far as, such conditions help to define the nature or extent of user of the invention authorized by the licence. Except then as to covenants to pay royalties coming under the above rules and as to *passive* covenants, it seems that a licensor if he cannot obtain direct covenants from the assignee of the licensee to perform and observe the covenants in the licence, must rely on the liability of the licensee and the power of revocation (if any) contained in the licence, and also on the liability of the assignee, either under a covenant with the licensee or by construction of law (*t*) to perform and observe the covenants in the licence and indemnify the licensee against them. An implied contract between the licensor and the assignee can hardly arise by reason of the acts of the latter in using the invention, as such acts would be clearly referable to the original

(*r*) In his judgment, Jessel, M.R., says that "it is tolerably plain that the parties intended certain liabilities to attach to the patent itself" (p. 251), and comes to his decision, whether the question was as to a partnership or a charge on the patent, or the payment of a royalty (p. 252). Lindley, L.J., puts the case as almost the same as that of partners on a dissolution assigning the assets charged with an annuity to the outgoing partner, where the purchaser of such assets taking with notice would be bound (p. 257).

(*s*) This would be a payment *in specie*, so to speak. The purchaser of an equity of redemption (even of land) is not, as such, personally bound to the mortgagee to pay the debt, but he holds the property subject to the debt, and to the liability of sale or foreclosure, if he omits to pay it.

(*t*) See p. 121, *ante* (Chapter on "Assignments").

contract under the licence which would still be subsisting. It is, therefore, generally necessary in the interests of a licensor for the licensee to covenant not to assign the licence without his consent (*u*).

A power to grant sub-licences being in the nature of a power to assign must also be expressly (if at all) conferred by the licensor (*v*). The power may, therefore, it is presumed, be conferred by the use of the word "assigns" in the operative part of the grant (*w*), or it may be separately conferred, or be necessarily implied on the construction of the terms of the licence generally (*x*).

In general, in the absence of fraud or an agreement to the contrary, the mere relationship of licensor and licensee, while subsisting, whether originally constituted by licence under seal or a mere writing, or even verbally, estops the latter from disputing the novelty or utility of the invention or, in any other particular, the validity of the patent (*y*). Until the patent has been declared void in legal proceedings between the licensor and third parties, the licensee cannot successfully resist the performance of any of his obligations if entered into by deed (*z*), or, if not so, then unless he can show either the *total* failure of the consideration for such obligations (*a*), or, where such consideration is apportionable, a partial failure thereof (*a*).

Sub-licences.

Estoppel of licensee during licence from disputing validity of patent;

(*u*) See *post*, pp. 213, 214, as to this covenant. The licensor should join in the assignment, in order to obtain direct covenants from the assignee. See *Assignment X.*, *ante*, p. 163, which is a precedent of an assignment of a licence to which the licensor is a party.

(*v*) See *ante*, p. 184, as to a licence being assignable.

(*w*) See observations of Jervis, C.J., and Maule, J., in *Bower v. Hodges*, *ante*, p. 185, note.

(*x*) Such an implication would, it is submitted, arise if the licence or counterpart thereof contained a covenant by the licensee to send particulars to the licensor of sub-licences when granted, or if there were a proviso in the licence that no sub-licences should be granted at premiums, or for less royalties than those payable by the licensee.

As to the contents of sub-licences, see *post*, p. 215 (Express power to grant sub-licences).

(*y*) See the cases of *Smith v. Scott*, *Lawes v. Purser*, *Crossley v. Dixon*, and others mentioned later on these points. If the licensee disputes the validity of the patent during the continuance of the licence he may be restrained from using the invention (*Grover & Baker Sewing Machine Co. v. Millard*, 8 Jur. N. S. 714).

(*z*) *Smith v. Scott*, 6 C. B. N. S. 771.

(*a*) *Chanter v. Lees*, 4 Mees. & Wels. 295, affirmed on appeal in 5 *ibid.* 698. In that case the licence was not under seal, and one of the six patents being

The doctrine also applies in the case of a deed, even if the licensor covenants for quiet enjoyment or as to the validity of the patent, and whether absolutely or limited to his own acts or omissions. Thus, in *Smith v. Scott* (b), the licensor covenanted that the licensee should be entitled to the exclusive right to the invention in manner and subject to the conditions therein mentioned, which covenant was plainly an absolute one for quiet enjoyment. The licensee was held to be estopped in an action for the payment of the royalties from disputing the validity of the title.

Again, in *Cutler v. Bower* (c), a licensor had sold half the patent to the licensee, and, in consequence, had assigned the patent to a trustee for himself and the licensee. In the assignment, the licensor had given the qualified covenant as to the validity of the patent and for quiet enjoyment. It was held in the action which was brought by the licensor to obtain payment of an instalment of the purchase-money according to the covenant in this behalf, that the consideration had not wholly failed, as no eviction was alleged to have taken place, and that under the licence the licensee was bound by estoppel to pay the royalties, and that the covenant to pay the purchase-money was independent of the covenants for title.

even if
licence be
exclusive;

This rule of estoppel obtains even where the licence is expressed to be *exclusive*, whereby it might be contended that warranty of title to the invention as against all the world, including the licensor, was implied (d). The rule also holds notwithstanding

found void, it was held that the whole consideration, namely, the exclusive right to use *all* the patents, had under the circumstances totally failed; especially as there was no averment that the licensee had used any of the five patents, and as neither the consideration nor the annuity agreed to be paid was apportionable. See also *Knowles v. Bovill*, 22 L. T. N. S. 70. As to the rescission and apportionment of contracts, see *ante*, pp. 44—46.

(b) 6 C. B. 771.

(c) 11 Q. B. 973.

(d) See *Noton v. Brookes*, 7 Hurl. & Norm. 499, in which that argument was used to no effect although the licence was not under seal. In the previous case of *Besseman v. Wright*, 6 W. R. 719, the licence, which was apparently not under seal, was a *non-exclusive* one and was granted in consideration only of the payment of a sum of money. In an action for payment of the sum the plea that the patent was void from want of utility and novelty was disallowed. Erle, J., treated the licence as amounting to a contract by the licensor not to bring an action against the licensee for infringement. Crompton, J., said that "in *Chanter v. Lees* (4 Mees. & Wels. 295, affirmed 5 *ibid.* 698) the bargain was for an exclusive right which could not be given, but here the plaintiff says, as against me you may use this

that the patent has been declared void in proceedings between the licensor and third parties (e).

The case of *Smith v. Scott* (f) is an illustration of the rule when the licence is by deed. It was there held also that a plea in an action for royalties that the licensor knew at the date of the licence that patent was invalid was not sufficient as a plea of fraud. In *Lawes v. Purser* (g) the licence was not under seal, and it was held that notwithstanding the plea of invalidity of the patent at the date of the licence and the then consequent absence of consideration, a consideration became executed by the use of the invention by the licensee and that the plea was bad (h). In *Crossley v. Dixon* (i), the licence was by parol and had been acted upon by the parties for some time, and it was held in an action for royalties that the licensee was estopped from denying the validity of the patent.

Where, however, the patent is set aside in an action between the licensor or persons claiming under him and third parties, and the licensee discontinues the use of the invention, he is released from his future obligations under the licence (j), unless, on the construction of the terms, it can be held that the obligations were intended to be binding without reference to the validity or duration of the patent or the use by the licensee of the invention (k); as

and whether
licence be by
deed or not.

But not so
after patent
set aside and
use of inven-
tion discon-
tinued or
licence deter-
mined.

patent, but he says nothing as against the rest of the world." In *Chanter v. Lees*, however, the decision was based on the total failure of the consideration, which the licensee was not estopped from showing, as the licence was not under seal. See this case as stated at pp. 44, 187, *ante*. This remark of Crompton, J., if it can be reconciled with the decision in *Noton v. Brookes*, must then be treated only as a statement that the decision in *Chanter v. Lees* was inapplicable to the point in *Besseman v. Wright*. The cases of *Noton v. Brookes*, and later cases cited above on the rule laid down in the text, make no distinction between exclusive and non-exclusive licences.

(e) *The Grover & Baker Sewing Machine Co. v. Millard*, 8 Jur. N. S. 713, where it was held that the licensee must continue to pay the royalties so long as he used the invention during the prescribed term.

(f) *Supra*.

(g) 6 Ell. & B. 930.

(h) See also *Chanter v. Dewhurst*, 12 M. & W. 823; *Trotman v. Wood*, 16 C. B. N. S. 479; *Noton v. Brookes*, 7 Hurl. & Norm. 499; *Clark v. Adie* (2nd Appeal), L. R. 2 App. Cas. 423; but the reports of these cases do not disclose the nature of the respective instruments, although the terms of the judgments seem sufficient to include licences whether under seal or not.

(i) 10 H. L. Cas. 293.

(j) See *Neilson v. Fothergill*, 1 Webs. 290, which is stated in the text above in the next page.

(k) See *Cutler v. Bower* and *Smith v. Scott* (both *supra*).

such a construction would show that the revocation of the patent did not amount to an entire failure of the consideration (*l*). The failure of consideration, however, will, in default of such a construction, be considered immaterial if the licence or counterpart is by deed executed by the licensee (*m*).

How licensee should relieve himself from obligations if patent void.

A licensee, therefore, who wishes to be relieved from his obligations under a licence and is not prevented from so doing by its terms, should cease to use the invention and give immediate notice in writing to the licensor of his intention so to do (*n*). In *Neilson v. Fothergill* (*o*), Lord Cottenham held to the effect that, notwithstanding the relationship of licensor and licensee had once been established, a licensee, after the patent had been declared void between the licensor and third parties and he had ceased to use the invention, could successfully resist an action for rent *i.e.* a fixed minimum sum payable for royalties claimed for the period after such cesser (*p*). When the relationship of licensor and licensee has been dissolved by notice as provided by the licence or the latter has otherwise become properly determined, the licensee, in the absence of any covenant to the contrary, is not estopped from disputing the validity of the patent (*q*).

Money paid not returnable, unless

Where there has been a *total* failure of the consideration to the licensee any money paid by him may be recovered (*r*). This rule

(*l*) *Smith v. Scott*, *ubi supra*, in which is recited *Hall v. Conder*, 2 C. B. N. S. 22.

(*m*) *Ibid.*

(*n*) If the obligations are to be more than as to the payment of mere royalties, or doing other acts proportionate to or during his use of the invention, an intending licensee should see that the licence provides for his being at liberty to determine the licence, or his obligations thereunder, in the event of the patent becoming void. As to such a provision, see *post*, pp. 219, 220.

(*o*) 1 Webs. 290. There the decision in *Hayne v. Maltby* (cited in 3 T. R. 438) was explained, which was apparently a case of fraud by the licensor, although not noticed as such by Lord Cottenham, who held that a licensee, notwithstanding his covenants under seal not to use other than the patent machines, was not estoppel, in an action for breach, from pleading the invalidity of the patent.

(*p*) As to such a rent, see *post*, p. 193.

(*q*) *Dangerfield v. Jones*, 13 L. T. N. S. 142; *Azmann v. Lund*, L. R. 18 Eq. 330, and *Neilson v. Fothergill*, *supra*. In *Pidding v. Franks* (1 Mac. & G. 56), the equitable assignees of an exclusive licence, who had used and afterwards disclaimed the use of the invention, were held not estopped in an action to restrain their selling the articles from disputing the validity of the patent.

(*r*) *Knowles v. Bovill*, 22 L. T. N. S. 70 (cited *ante*, pp. 44, 188), where the

equally applies where the consideration is apportionable, so that on the total failure of any apportioned part of the consideration the moneys paid for such part will be returnable (s). Where the failure is only partial and the consideration cannot be apportioned—*e. g.* if the patent has turned out invalid after the licensee has worked the invention to some extent according to the licence,—and the consideration cannot be apportioned, no money already paid by the licensee can be recovered (t) unless there has been fraud (u).

total failure of consideration or apportioned part thereof, or where fraud.

The question of estoppel by recitals or statements in licences is not now so important in respect of the novelty or utility of the invention or otherwise as to the validity of the patent, as it was before the decisions in the cases of *Smith v. Scott*, *Lawes v. Purser*, *Crossley v. Dixon* and others above mentioned (v). The estoppel must, however, be specially pleaded to be conclusive in a court of law (w), but if issue only be joined upon an allegation by the licensee, contrary to his admissions in the licence or counterpart thereof, the admissions can only be put in as evidence (x). It does not seem to have been decided that estoppel can arise in the case of instruments under seal which have not been delivered as deeds. As to estoppel from recitals or statements in licences see also the cases mentioned in the note below (y). For further observations on the law of estoppel by deed see the preceding Chapters on "Agreements" and "Assignments," pp. 40, 111.

Estoppel by recitals, &c., in licence.

It is usual and convenient in a licence to recite the grant of

What recitals should be in licences.

failure was in respect of obtaining the prolongation of a patent under which the licensee was to have a licence, but the death of the patentee prevented the application. As to another example of total failure (constructively) of consideration to a licensee, see *Besseman v. Wright*, 6 W. R. 719, cited *ante*, p. 188, note (d).

(s) See Chapter on "Agreements," *ante*, pp. 45, 46.

(t) *Taylor v. Hare*, 1 Bos. & Pul. N. R. 260. The licensee had covenanted to pay annual sums secured by bond.

(u) *Lovell v. Hicks*, 5 L. J. N. S. Ex. Eq. 101.

(v) *Ante*, pp. 187—189.

(w) *Bowman v. Rostron*, 2 Adolp. & Ell. 295; and see Rules of Supreme Court, 1883, Order XIX. r. 15, as to particular facts to be pleaded, which no doubt comprise estoppel by deed. As to pleading an estoppel, see Everest and Strode on Estoppel, Chapter XI. p. 391.

(x) *Bowman v. Rostron*, *supra*.

(y) *Bowman v. Taylor*, 4 Nev. & Man. 264, and 2 Adolp. & Ell. 278; *Hills v. Laming*, 9 Exch. 256; *Cutler v. Bower*, 11 Q. B. 973, *supra*.

the patent, and devolution (if any) of the title. As a licensor does not usually guarantee the absolute validity of the patent (*z*), it will be advisable not to insert a recital to the effect that he or the person through whom he claims represents or represented himself to be the true and first inventor (*a*). Where there is a full contract, the licensee usually covenants that he will not dispute the validity of the patent at any time during the continuance of the licence or afterwards (*b*). In the case of an open contract, such a covenant (or consequently a recital having the same effect) cannot apparently be insisted on (*c*).

It seems, therefore, advisable not to insert any recital stating who was the inventor, but to rely on the covenant (if any) by the licensee that he will not dispute the validity of the patent at any time whatever. In the absence of or subject to such a covenant or recital, the licensee will be estopped only during the subsistence of the licence from disputing the validity of the patent (*d*). Other recitals where necessary according to the peculiar circumstances of the case, including the agreement to grant the licence, should follow the recitals of the grant and devolution (if any) of the title.

"Give" and
"grant" do
not imply
covenants.

The word "grant" is the usual expression for conferring a licence, but neither this word nor the word "give" will import any covenant that the licensor had good right to make the grant, for the law will not create a covenant respecting a personal thing (*e*).

Implied cove-
nants by use
of words "as
beneficial
owner" or
"as trustee."

The expressions "as beneficial owner" or "as trustee," which by the Conveyancing and Law of Property Act, 1881 (*f*), would imply certain covenants, should, from what is said later on as to covenants, be in general omitted from licences (*g*).

Consideration.
Fines, pre-
miums,
royalties,
rent.

The consideration for a licence is expressed to be the sum of money (if any) paid, and the rent or royalties or other sums (if any) thereafter reserved, and the obligations of the licensee

(*z*) *Post*, p. 196.

(*a*) See *ante*, p. 112 (Chapter on "Assignments").

(*b*) *Post*, p. 216.

(*c*) *Post*, p. 195.

(*d*) *Ante*, pp. 187—189.

(*e*) Hindmarch, 243, citing Com. Dig. tit. "Covenant" (A. 4), as to such non-creation of a covenant. See *ante* (Chapter on "Assignments"), pp. 116, 122.

(*f*) Sect. 7 (1), A. and F. (Appendix, *post*, pp. 370, 372).

(*g*) *Post*, pp. 195—197.

thereinafter contained. A fine or premium is a capital sum payable by the licensee at the date of the licence or at any time or times afterwards, either in one sum or by instalments. Where, however, the instalments are annual ones through the whole term, they may be said to constitute an annuity or rent (*h*). Royalties are sums of money payable by the licensee according to the extent of the use by him of the invention, and the amount of them is regulated by the number size or weight of the articles or material manufactured according to, or to which (not being the subject of the patent) he may apply, the invention, and (or in the alternative) sold by him, or they might be some share of the net profits or selling prices or other returns. A minimum amount of royalties payable periodically is often fixed. This is also called a rent and is the only kind of rent under such name mentioned later. A rent, then, is intended to represent royalties to the same amount, whether the licensee, for the period for which it is payable, shall have used the invention to an extent sufficient to render actual royalties to the same amount payable or not (*i*).

It is usual however to provide that the licensee may in any subsequent half-year or half-years (or other prescribed period or periods), subject to his payment of the full rent therefor respectively, make up to himself for any excess of payment made by him in any previous half-year, by reason of his not having manufactured, &c. to the full amount of the rent. Such a proviso is called an average clause (*i*). Average clause.

From what has been said above as to the power of a licensee to assign the licence, the word "assigns" should be inserted in the operative part of the grant, if the licence is intended to be assignable (*j*) whether with or without the consent of the licensor (*k*). Use "assigns" if licence assignable (with consent or not).

(*h*) Premiums are not generally made payable in non-exclusive licences, unless the licensors are to covenant not to grant more than a limited number of other licences within the districts. The term "rent" is used in this work, in the other sense next stated in the text above.

(*i*) Mining leases usually contain such a provision.

(*j*) *Ante*, pp. 184, 185.

(*k*) Where consent is to be given in the case of a lease or licence, the expression "permitted assigns" is occasionally used by conveyancers, and is a convenient term, although apparently of modern origin. If the word "assigns" only is used, and there is a covenant not to assign without consent, the breach of the covenant will not, of itself, make the assignment void, and, therefore, there should also be a proviso making the licence void

To sell or manufacture and sell the patent articles.

But right to manufacture includes right to sell.

Reddendum.

Preliminary remarks on covenants and provisoes in licences.

A licence may be either to manufacture the patent articles or commodities, or to sell such as are to be supplied by the licensor or his nominees, or to manufacture and also sell the same; or, as the case may require, to apply the invention in the manufacture of certain articles or commodities which are not themselves the subject of the patent. The right to manufacture, however, includes the right to sell the patent articles or commodities unless the licence otherwise provides (*l*); but it is usual expressly to give the right to sell as well as to manufacture the patent articles or commodities (*m*).

The reddendum or "yielding and paying" clause, which may be inserted in a licence directly after the statement of the term for which the licence is granted, is not essential provided there is an express covenant to pay the royalties or other sums reserved. Where there is no such covenant the reddendum may probably be construed as a covenant to pay the royalties or sums (*n*).

In the absence of a contract explicitly stating the terms of an intended licence, the solution of the question as to what covenants clauses or provisions shall be inserted in the licence is almost entirely a matter of bargain. This results from the non-implication at law of covenants respecting things merely personal (*o*) and the difference in many particulars in the practice of convey-

in the event of the breach of this covenant, or of breaches of covenants generally. See pp. 213, 214, *post*, as to covenants not to assign, &c., without consent.

(*l*) See *Thomas v. Hunt* (1864), 17 C. B. N. S. 183, where it was held that a licence to A to manufacture a patent article is an authority to his *vendees* to vend it without the consent of the patentee (licensor).

(*m*) In connection with the above, it may be noticed that the sale of a patent article by a licensee within the district covered by his licence carries with it the right to use the article in any part of the whole area covered by the patent, unless the licence provide otherwise, but subject to the rights of third parties. See *ante*, p. 117, note (Chapter on "Assignments").

(*n*) Otherwise the reddendum would have no meaning. As the law will not create a covenant respecting anything personal (*ante*, p. 192), such a covenant does not arise from mere implication, but by construction of the clause. In a lease no formal reservation of rent is necessary, as any words indicating the intention in this respect will do (*Drake v. Munday*, Cro. Car. 207, cited in Davidson, Vol. V. Part I. "Leases"); and the reddendum creates an implied covenant (*Giles v. Hooper*, Carth. 135; *Iggulden v. May*, 9 Ves. 330, cited in *ibid.*).

(*o*) *Ante*, p. 192.

ancers in this respect (*p*). The question, however, on the point of fairness, may to some extent be met by considering the respective advantages agreed to be conferred by either party on the other, and then to determine what should be reasonable concessions in each case to be made by the intended recipient of such advantages. Thus some general rules (at least) for guidance in practice might be arrived at.

It may be admitted, for instance, that if the licence is to be exclusive, and no rent or premium is to be reserved but merely royalties, the licensor ought not to be bound down to strict (if any) covenants for title or relating to the validity of the patent, as his only profit from the invention in the district would be dependent on the inclination or enterprise of the licensee. For the same reason, he should in such case be entitled to a power of revocation not only for breaches of covenants, but also for failure or delay by the licensee in using the invention up to a certain minimum average extent. Where a premium or rent is to be paid or reserved, or the licensee is to be under other onerous liabilities, it seems reasonable that he should have full facilities in relieving himself of future obligations in the event of the patent becoming void, or the breach by the licensor of any important obligations on his part. The principle thus stated is further exemplified in the following observations on covenants and provisoes in licences.

The following remarks, except where specially indicated (*q*) are intended to apply only to licences to manufacture and sell patent articles and not merely to sell them.

In the case of a contract to grant a licence in which the barest provision is made as to its contents, that is (say) merely as to the payment of royalties or other sums and the duration of the licence, it is presumed that no other covenants by the licensee than those for payment of the sums at the appointed times, and furnishing of accounts as to the royalties (if any reserved), can be insisted on by the licensor. This presumption, it is submitted, results from the rule of law as to the non-implication of covenants in matters

The following remarks are subject to modifications where licences are only to sell.

What covenants in licence when only open contract to grant one.

(*p*) As to the practice of conveyancers amounting to a law, see next page. There is not sufficient analogy between a licence and any assurance of any other kind of property to throw light on the question.

(*q*) See, in particular, p. 221, *post*.

Practice of conveyancers.

personal (*r*). It is true that the practice of conveyancers is judicially noticed (*s*), but the almost total absence of text-books disclosing the recognized practice (where any) of conveyancers in many particulars relating to licences, makes it difficult to ascertain such practice with any degree of certainty. A licensor on such a contract would probably not be bound to give any covenant at all. It does not seem likely, however, that such a contract would be entered into except in respect of a non-exclusive licence at mere royalties only, without any premium or fixed rent.

Covenants for title and as to validity of patent.

Where premium or rent.

Where a licence, whether exclusive or non-exclusive, is to be granted for valuable consideration other than mere royalties—*e. g.*, for a premium with or without royalties, or at a fixed rent covering royalties to the like amount, it seems usual to insert, at least, a qualified covenant as to the validity of the patent (*t*), and a covenant as to the right to grant. The other covenants for title can as a matter of bargain be inserted, or (together with the covenant as to the right to grant) be implied under the Conveyancing, &c. Act, 1881, sect. 7 (*u*), especially in the case of a valuable exclusive licence. Where, however, an exclusive licence is to be granted in consideration merely of a premium payable by instalments, there is virtually an agreement to *assign* the patent rights for the district, and consequently the covenants for title should be as full as in an assignment (*v*).

(*r*) *Ante*, p. 192.

(*s*) Lord St. Leonards (3 V. & P. 28) observes that "it matters very little what is the opinion of any individual conveyancer, but the opinion of conveyancers as a class is of the deepest importance to every individual owner of property in the state. Their settled rule of practice has accordingly in several instances been adopted as the law of the land, not out of respect for them, but out of tenderness to the numerous purchasers who have bought estates under their advice." See also *Willoughby v. Willoughby*, 1 T. R. 772 (per Lord Hardwicke), and other cases cited in Taylor on Evidence, 6th edition, p. 5.

(*t*) As to the nature and extent of this covenant, see Chapter on "Assignments," *ante*, p. 114. See also same page, as to the extension of the qualified covenants as to acts or omissions to a testator intestate or donor. The same observations will apply in the case of licences.

(*u*) Appendix, *post*, p. 370.

(*v*) By sect. 36 of the new act, the patent—*i. e.*, the patent rights—can be assigned for a district. Where the premium is to be payable at once, an assignment is, no doubt, the proper assurance, unless the term is to be less than that granted by the patent, for an assignment (so called) of a sub-term would be a licence only. Where the premium is payable by instalments,

As a fixed rent (where no premium) should always be reserved in an exclusive licence, because otherwise the licensor's profit in the district will depend only on the exertions of the licensee, there is less reason in an exclusive licence at royalties merely, without any fixed rent or premium, to insert any covenants for title or as to the validity of the patent. In the case of a non-exclusive licence at royalties only, these covenants are often omitted (*w*). Where no premium or rent.

It has been thought fit, however, to insert in every precedent of a licence given herein, without reference to the nature of the licence, except in the case of a simple open contract for a non-exclusive licence at royalties only (*x*), the qualified covenants as to the validity of the patent and the right to grant. This course is recommended, as the willingness of the licensor to enter into such covenants will help to establish little, if anything, more than his *bona fides* (*y*). In licences generally.

The question of covenants for title is probably not of much practical importance, inasmuch as they relate to the ownership or devolution of the patent, and not to its validity; and, moreover, the title is usually short and simple, and reliance is placed on the investigation of it before completion, which will of course include searches at the office. The register should no doubt be finally inspected by the licensee immediately before the execution by him of the counterpart of the licence (*z*). Usually unimportant as prior searches and investigation of title are relied on.

and the term is to be the full one, it is not to the interest of the licensor to assign subject to the payment of the instalments, but to grant an exclusive licence, which, on the satisfaction of the whole purchase-money, will expand into an assignment. See Chapter on "Assignments," *ante*, p. 110, as to mode of assignment, and pp. 117, 118, as to advantages of assignments over licences; and this Chapter, p. 183, as to licences amounting to assignments.

(*w*) See precedents in Coryton, 528, 534; 4 Chitty, 217, 219; and 2 Wilde (Wilde's Supplement to Barton), 607, 608. In 7 Byth. & Jarm. 595, however, in the form of a non-exclusive licence at royalties only, the licensor gives a general warranty. In Johnson, P. M. 229, the qualified covenant as to the validity, and the right to grant, are recommended for licences generally.

(*x*) See *Licence I.*, *post*, p. 245, as to the form of such a licence.

(*y*) Where no premium or fixed rent is reserved, the reference to the acts or omissions of the donor, testator, or intestate, should, perhaps, be omitted. See note (*t*), *supra*.

(*z*) No text-book writers appear to have discussed the question of covenants for title in respect of licences, but merely, either expressly or impliedly, advise the insertion of a covenant as to the right to grant and (occasionally) one or more of the other covenants of title, especially in an

Other ordinary covenants by a licensor.

In addition to covenants (if any) for title and as to the validity of the patent, the other ordinary covenants by a licensor may be taken to be those which relate to the maintenance and protection of the patent (including legal proceedings and the amendment of the specification), and to improvements to the invention, the determination of the licence by the licensee, and the production of the letters patent. In an exclusive licence, however, the licensor will probably be required to covenant that there are no other subsisting licences within the district, and that he will not use the invention in or grant other licences for the district during the subsistence of the licence (a).

In licences at royalties only.

It is conceived, however, that in a licence at royalties only, and not at a rent or premium, the covenants by the licensor should,

exclusive licence or in any licence in which a premium or rent is paid or covenanted to be paid.

Hindmarch, 243, states that where a consideration is paid the patentee [licensor] usually covenants as to the right to grant and occasionally as to the validity of the patent; especially where the licensee is unable to ascertain its validity and is embarking considerable capital in the business. At p. 757 (*ibid.*), however, is given a form of a non-exclusive licence at a premium and royalties, and covenants as to the right to grant, for quiet enjoyment, and for further assurance. At p. 767 (*ibid.*), is given the form of an exclusive and irrevocable licence for a sum of money only, in which is inserted the qualified covenant as to the right to grant and also for quiet enjoyment. At p. 764 of the same book, the only covenant for title in an *exclusive licence at mere royalties* is one for *quiet enjoyment*, but there is no covenant as to the validity of this patent.

In Coryton, 542, the covenants in an exclusive licence, at a premium payable by instalments but no royalties, are the qualified covenant as to validity and a covenant for further assurance.

In 7 Jarm. 790, the covenants in an exclusive licence at royalties with a fixed rent only are as to the validity of the patent (unqualified), for quiet enjoyment (unqualified) and for further assurance.

In Johnson, P. M. 229, it is recommended that *all* licences should contain a covenant for the right to grant [*qy.* qualified], and also the qualified one as to the validity of the patent.

See and consider also the forms of licences mentioned in Copinger's Index of Conveyancing Precedents, and also in the index in Munro, pp. 339, 340.

In the two forms of licences given by Mr. Munro, no covenants for title are expressed or (under the Conveyancing Act, 1881) provided to be implied.

The thirteenth edition of Prideaux's Conveyancing (1885), p. 432, gives a form of an exclusive licence in which only royalties are made payable without rent or premium, and the full covenants for title are implied, *in addition* to a special and apparently superfluous covenant for quiet enjoyment.

(a) *Ante*, p. 183.

generally speaking, be confined to covenants that improvements, &c. made by the licensor shall be comprised in the licence; that (in an exclusive licence) the licensor shall take legal proceedings for infringement within the district at the request and cost of the licensee or permit him to do so in the name of the licensor (*b*); that (in an exclusive licence) there are no other subsisting licences granted within the district; that (in an exclusive licence) the licensor will not during the continuance of the licence grant other licences within the district; and that (in an exclusive licence) the licensor will produce and keep in safe custody the patent (*c*).

The more numerous covenants as before stated may be taken to be inserted mainly in licences under which premiums or rents are to be paid. Thus, the licensor covenants to pay all necessary renewal fees (or in default to permit the licensee to do so and deduct the amounts from the royalties or other monies due) (*d*), and also to perform and observe the other conditions of the patent (*e*), and also at his own cost to defend the patent in any proceedings for revocation; and also (in an exclusive licence) at the request and cost of the licensee to take proceedings for infringements alleged to have been committed within the district of the licence, or permit the licensee in the name of the licensor so to do (*f*); and also not to amend the specification without the written consent of the licensee; and also that the licensee shall be entitled during the continuance of the licence, without further payments, to use all improvements to the invention or discoveries useful for the manufacture of the patent article made [or acquired] by the licensor (*g*);

In licences at premiums or rents.

1. To pay renewal fees and perform, &c. the other conditions of patent.
2. To defend patent.
3. To take proceedings for infringement or permit, &c.
4. Not to amend specification.
5. As to improvements.

(*b*) This covenant will be implied, if not expressed. See p. 201, *post*.

(*c*) Or an undertaking, &c., can be given under the Conveyancing Act, 1881.

(*d*) See next page.

(*e*) The only other permanent condition in a patent, according to the late or present form besides the payment of the fees, is for the owner to supply the departments of the Queen's service with the patent articles. The licensor should, of course, only covenant to perform the other conditions if the licence leaves him in the position of so doing.

(*f*) See p. 217, *post*, as to the licensor himself initiating and taking proceedings and obtaining the assistance of the licensee. See also *post*, p. 201.

(*g*) Or a mutual covenant can be entered into under which improvements, &c., made [or acquired] by either party shall during the continuance of the licence enure for the benefit of both of them. As to such a covenant, see p. 218, *post*. As to improvements, &c., generally, see *ante*, pp. 33—36; and see the remarks of Jessel, M.R., in *The Printing & Numerical Registering Co. v. Sampson*, L. R. 19 Eq. 462, as to the importance of including improvements, &c. in a contract.

6. (In exclusive licence.)
No other subsisting licences.

7. (In exclusive licence.)
Not to use, &c. the invention within district.

8. Power for licensee to determine if patent void or breach of covenants.

9. Production, &c. of the letters patent.
No remedy if licensor not agree to pay fees.

Non-exclusive licensee cannot sue for infringements.

and also (in an exclusive licence) that there are no other subsisting licences within the district; and also (in an exclusive licence) that the licensor will not during the subsistence of the licence use the invention or grant other licences within the district; and also that in the event of the patent becoming void (that is, substantially so) and incapable of being restored, and of the breach by the licensor of any or certain of his covenants the licensee may determine the licence (*h*); and lastly, that the licensor will produce and keep in safe custody the letters patent (*i*).

With regard to the payment of renewal fees, it is presumed that in the absence of agreement the licensor is not bound to pay them (*j*); and again, that if the licensee pays any fee he cannot recover the amount from the licensor (*k*). Where, therefore, there is no provision in a licence for payment of renewal fees, the licensee if he pays sufficient royalties makes it worth the while of the licensor to pay the fees.

With regard to actions for infringements, it is clear that a non-exclusive licensee cannot himself take proceedings, or, in the absence of agreement, require the licensor so to do (*l*); although he would be able to recover for any special damages which he may have sus-

(*h*) As to the position of the licensee on the patent becoming void, and of there being no provision in the licence with regard to that event, see *ante*, pp. 187—191. Where the licensee is not obliged to use the invention in order to furnish the patent articles to the licensor or other persons, he can, of course, avoid the payment of future royalties on articles sold or manufactured by him by ceasing to use the invention. In a simple case a power might be given to the licensee to rescind at any time or after a certain date on mere notice only.

(*i*) This can be in the form of an acknowledgment and undertaking under the Conveyancing Act, 1881, s. 9 (Appendix, *post*, p. 373).

(*j*) The law will not create a covenant respecting a personal thing: Com. Dig. tit. Covenant (A. 4); Hindmarch, 243; and see *ante*, p. 122 (Chapter on "Assignments").

(*k*) This will not be money paid compulsorily for the use of the licensor. See Smith's L. Cas. Vol. I., pp. 147, 167, 7th ed. (notes to *Lampleigh v. Balthway*); Chitty on Contracts (Section on "Money paid"); and Addison on Contracts, pp. 1033 *et seq.*, 8th ed.; but the money may be paid at his request, express or implied, and then be recoverable (*ibid.*). As to co-owners, see *ante*, p. 116 (Chapter on "Assignments").

(*l*) *Newby v. Harrison*, cited in *Renard v. Levinstein*, 2 Hem. & Mil. 628. No injury is done to the licensee by the infringement. A mere agent of the patentee cannot sue (*Adams v. North British Rail. Co.*, 29 L. T. N. S. 367).

tained (*m*). An exclusive licensee, however, may apply in the name of the owner of the patent for an injunction to restrain infringements committed within the district (*n*). In *Renard v. Levinstein* (*o*) the licensors and licensees of a patent were co-plaintiffs in an action for infringement, and during the proceedings the licensors assigned the patent. An objection to the assignees being then made defendants, while the licensees remained sole plaintiffs, was overruled. This decision does not show that an exclusive licensee may in his own name sue for infringements without the licensor being a party at all.

But an exclusive licensee may in name of licensor. Or, *semble*, in own name, if licensor be co-plaintiff or defendant;

A licensor, on the contrary, who has granted an exclusive or partially exclusive licence, can, in respect of his interest (if virtually any) in the patent *quâ* the district, sue for any infringement committed within the district without making the licensee a party. This will be in respect of special damage having been caused to the licensor, although generally it would be of a different nature to that caused to the licensee from the same infringement (*p*). Where, however, the exclusive licence is made irrevocable and no payments of any kind are to be made under it, the licence amounts to an assignment (*q*) by virtue of which (under sect. 36 of the new act), the licensee may sue for infringements in his own name without making the licensor a party (*r*).

and licensor may sue alone for special damage notwithstanding exclusive licence.

(*m*) Per Lord Eldon in *George v. Beaumont*, 1 Carp. P. C. 295. See also *George v. Wackerback*, Godson, 226.

(*n*) *Renard v. Levinstein*, 2 Hem. & Mil. 633. The licensee would be liable to give the licensor security for the costs (Terrell, 143, citing *Evans v. Rees*, 2 Q. B. 334, and *Spicer v. Todd*, 1 Dowl. Prac. Cas. 306). The extent of this right to sue will no doubt depend on the kind of interest of the licensee in the invention. Thus, if he has only a licence to *sell* the patent articles, it might be contended that his interest is too remote to permit him to sue in respect of infringements in the *manufacture*, especially in the case where the sale was shown to be intended to be made outside his district. In *R. v. L.* the licence included both manufacture and sale.

(*o*) 2 Hem. & Mil. (*supra*).

(*p*) See Lawson, 51. See also *ibid.* and Agnew, 334, as to the distinction between damages in relation to the loss of manufacturer's profit, and those in relation to the loss of royalties. Nominal damages may be awarded where no real injury is caused a patentee (*Blofeld v. Payne*, 4 Barn. & Ald. 410).

(*q*) No particular words seem needed for an assignment. See Chapter on "Assignments," *ante*, p. 110.

(*r*) A proper assignment of the patent for the district should be preferred to such a licence. See Chapter on "Assignments," *ante*, pp. 117, 118, as to the comparative advantages of assignments and licences for districts.

Consent to amendment of specification not to be arbitrarily withheld.

With regard to the covenant as to the non-amendment of the specification, it should be provided that the consent of the licensee "shall not be arbitrarily withheld," as the object of the covenant is, no doubt, merely to protect the licensee, and not to enable him to make a profit out of the licensor as a condition for giving his consent. Where the licensor brings an action for an infringement alleged to have been committed outside the district of the licence, the licensee will not be before the court, and, in that case therefore, the provision may be of particular importance (*r*).

Ordinary covenants by licensee.

The most ordinary covenants entered into by a licensee may be taken to be covenants to pay the royalties or other sums agreed upon, including the fixed rent (if any); to keep account books and make proper entries therein, and allow the licensor to inspect and take copies or extracts therefrom; to furnish and settle the accounts periodically and duly verify the same; to stamp or affix the patent mark or label on the articles &c.; to manufacture only according to the specification (*s*); to allow the licensor at all reasonable times to inspect the factory of the licensee; not to assign or incur the licence, or grant sublicences thereunder without the consent of the licensor (*t*); not to dispute the validity of the patent at any time; to detect infringements and give notice thereof to the licensor; and to give the licensor the benefit of any improvements made by the licensee to the invention (*u*). Under the head of covenants by the licensee may be mentioned, for convenience, a proviso or clause enabling the licensor to revoke the licence on the default of the licensee in paying the royalties or other sums reserved, or on the breach by him of any other of his covenants, or other events, or by notice at any time (*v*).

(*r*) See *post*, p. 214, as to the probable effect of the words "not to be arbitrarily withheld," in the case of a covenant not to assign, &c. a licence without the consent of the licensor.

(*s*) That is, generally, when royalties are reserved, but not otherwise.

(*t*) This covenant should not in general be inserted where no royalties or other periodical sums are reserved, *post*, p. 214.

(*u*) Or insert a mutual covenant in respect of improvements.

(*v*) See *Webs*. 104, where covenants of common occurrence in licences are in effect stated to be as follows, namely: To pay royalties, &c.; to manufacture to a certain amount periodically; to render accounts and give liberty to inspect the books and factory; licensor not to grant other licences on more advantageous terms than are in the present licence, or to grant more than a certain number of licences; licensee to stamp, &c. the patent articles;

Since the passing of the various Bills of Sale Acts rendering necessary the registration of Bills of Sale, a clause of distress for the purpose of enabling the licensor to recover payment of royalties or other sums due under the licence is not, as a rule, inserted in licences (*w*).

No clause for distress since Bills of Sale Acts.

Certain special covenants provisoes or clauses in licences will now be noticed in connection with the ordinary covenants above mentioned.

Special covenants in connection with ordinary covenants now to be noticed.

Where the licence is to manufacture and sell or only to manufacture (which includes the right to sell (*x*)) the patent articles, the licensor will probably prefer to receive royalties on the manufactures rather than higher royalties on the sales, not only on account of the acceleration of the payments but also in view of the possible bankruptcy of the licensee. The choice, however, will of course depend partly on what difference in the respective amounts of the two sets of royalties is proposed by either party. Where the royalties are to be paid on sales only, it will be well to avoid the question that might arise as to whether the royalties are to be paid on sales effected after the determination of the licence or the reverse. Therefore either the covenant should be made to extend to such sales, or, in order to ensure on the determination a final settlement of all accounts between the parties, it should be provided that on the determination of the licence from whatever cause the licensee should pay to the licensor reduced royalties on all the articles in hand then remaining unsold (*y*). It should, of course, be taken into consideration that where a licence provides that the royalties are to be paid only on articles sold during the licence, the licensee is encouraged to manufacture largely near the end or contemplated end of the licence, and postpone the sale until

Covenant to pay royalties, rent, &c.
Royalties on manufacture, sale, or both.

Reduced royalties on articles in hand at end of licence.

to keep a sufficient supply for the public, and to keep a depôt for inspection of the articles; both parties to submit differences to arbitration. Many special clauses both in the recitals and the other parts of the deed may be advisable, *e.g.* accounts to be verified by statutory declaration; licensee not to work under any other patent; and the licence to be revoked and payments discontinued if licensor fail in any action for infringement. See also Coryton, and the precedents of licences mentioned in Copinger's Index.

(*w*) The present Bills of Sale Acts are the Acts of 1878 and 1882 (41 & 42 Vict. c. 31, and 45 & 46 Vict. c. 43). Consider sects. 4 and 6 of the former act, and sects. 3 and 9 of the latter act, in respect of such a clause of distress.

(*x*) *Ante*, p. 194.

(*y*) See *Sp. Cl. 5, post*, p. 229.

after the end or sooner determination of the licence. It is submitted, however, that the terms of the covenant must be very clear in order to relieve the licensee from the payment of royalties on sales effected after the determination of the licence.

Option of licensee to pay royalties on sale instead of manufacture, and *vice versa*, or on both.

In some cases, a licensee, having to pay royalties on manufacture only, might wish to keep money in hand, and consequently prefer to pay higher royalties on sales only, or, alternatively, reduced royalties on manufacture, and further royalties on sale; or again, having to pay royalties on sales only, might obtain a large order for articles which he had not yet manufactured, and consequently find it suitable to pay reduced royalties on the manufacture only, or, for any other reason without reference to any orders, might wish to pay royalties both on manufacture and sale in lieu of the original fixed royalties. In anticipation of such cases, a special proviso is sometimes added, in a licence, to the covenant to pay royalties, giving the licensee the option to vary the payment of the royalties in the desired manner in respect of any articles he should manufacture; but in the interest of the licensor it would seem advisable to make the proviso apply only to some fixed minimum quantity of articles at a time (z).

Remission of royalties in the case of bad debts.

As a sale is effected as soon as the property in the goods is in the purchaser, notwithstanding they may remain in the possession of the vendor, royalties made payable "on articles sold" by the licensee may become payable without reference to the payment of the price to the vendor (a). It may, therefore, be thought fit, although it is probably not very usual, to provide in a licence reserving this kind of royalties, for remission of these to some extent in the case of bad debts. In order to discourage long credit being given, some limit should be placed to the amount of credit to be given to each person, and also to the length of time at which credit may run without proceedings being taken to recover the debt.

Thus provision may be made to the effect that every sum equal to or exceeding a fixed sum, owing from any one debtor, shall be

(z) See *Sp. Cl.* 4, *post*, p. 228, as to the variation from royalties on sales to royalties both on manufactures and sales.

(a) There must be a concluded contract, and not an executory one, so that nothing remains to be done to pass the property. See Benjamin on Sales, pp. 1—3, and Book II., as to the effect of the contract in passing the property, and the distinction between executory and concluded contracts.

treated as having been actually paid at the time of sale [or delivery] of the articles, and that every sum of whatever amount, which at the end of some [say] half-year shall have been owing more than a certain period, shall be treated as having been paid in that half-year, unless the licensee can show that he had taken all reasonable means to recover the money, and, that, with the above exceptions, but subject to the licensee paying the royalty or royalties, or proportionate part or parts of them, in respect of any sum remitted, if and when it should (if at all) be actually paid, no sums owing at the end of every half-year shall be treated as having been actually paid (b). This provision may be modified by also providing that credit up to a certain amount and for a maximum period may be given to persons firms &c. approved of by the licensor.

It is sometimes covenanted by a licensor that the payment of rent and royalties shall be suspended if he, after due notice in writing being given to him by the licensee of any infringement of the patent reasonably believed by the latter to have been committed, shall commit a breach of his covenant (if so) to take proceedings legal or otherwise to prevent or restrain the further infringement by the same person or persons (c). As the time of suspension should terminate when any event renders the suspension unnecessary, it should be provided that the suspended payments shall revive (if at all) on the termination of any proceedings which result in favour of the licensor, or in case it shall be ascertained to the satisfaction of the licensee that the alleged infringer or infringers had done nothing to justify any proceedings against him or them. The licensee should covenant to keep account of the suspended royalties (d).

Suspension of rent and royalties while licensor omits to take proceedings for infringements.

Where it is provided in the licence, which of course would be an exclusive or partially exclusive one (e), that the proceedings shall be at the cost of the licensee, the latter has the strongest reasons for not moving the licensor until he the licensee has made

(b) See *Sp. Cl.* 17, *post*, p. 232.

(c) In *Henderson v. Mostyn Copper Co.*, L. R. 3 C. P. 202, it was held that reasonable notice that an infringement had taken place was necessary, in order to enable the patentee to take proceedings, and that reasonable time was necessary for completing the proceedings.

(d) For such a covenant, see *Sp. Cl.* 14, *post*, p. 231.

(e) *Ante*, p. 200.

sure of the facts. Where the costs are to be borne by the licensor, it should be provided that reasonable *prima facie* evidence and full particulars should be afforded him in respect of any alleged infringement as to which he shall be required to take proceedings. In relation to such proceedings, it will be noticed that the licensee if not a party to them will not obtain any damages, as the licensor can only claim damages in respect of his own interest in the patent as to the locality in which the infringement shall have occurred (*f*). Where the infringement is only incipient, such as, for instance, the mere manufacture or exposure for sale of the patent article, the licensee will probably be content to rely on the proceedings undertaken by the licensor alone, and not himself claim damages (nominal) by the same or separate proceedings.

Royalties paid
to trustees
during pro-
ceedings for
revocation of
patent.

In connection with the last-mentioned covenant should be mentioned a covenant by the licensor that, during the proceedings (if any) undertaken by third parties for the revocation of the patent, the royalties, which would otherwise then become payable to the licensor, should be paid to trustees upon trust to retain the same until the end of the proceedings, and in case these (including an appeal) should result in favour of the licensor, to pay the moneys to him, but in the opposite event to pay them to the licensee, subject in either case to the expenses of the trusts (*g*). Such a covenant, however, seems only requisite where some premium is to be paid, or a fixed rent supplemented by an average clause (*g*) is reserved, inasmuch as, by reference to the provisions as to registration under the late and present practices respectively, a patent and the licences under it, are, as to the revocation of the patent, seen to be good as against the plaintiff in the action, until judgment for revocation is obtained (*h*). The covenant therefore may, in the event of the patent being revoked, operate so as to return to the licensee some portion of his premium, or make up to him some sum which he claims, but is unable to obtain under the

(*f*) *Ante*, p. 201, and note thereto.

(*g*) See *Sp. Cl.* 19, *post*, p. 233; and also the note thereto as to providing, in case of revocation, that the licensee shall only receive part of his premium (if any paid), or any sum which he was unable to make up under the average clause.

(*h*) See sect. 35 of the Act of 1852 (15 & 16 Vict. c. 83), and pp. 9, 23, *ante* (Introductory Chapter); and sect. 87 of the Act of 1883 (Appendix, *post*, p. 322), and *post*, pp. 23—25.

average clause. Where royalties only, without rent, are reserved, the covenant seems of less urgency, as the payments of them run with the extent of user of the invention; although, even then, some compensation might be thought due in respect of any outlay of capital which the licensee might have made on the strength of his licence.

Where a fixed rent to cover royalties to the same amount is reserved, and the licensee is dependent for the working of the invention on some act of the licensor—*e.g.* where the latter has from time to time to supply the licensee with and the licensee has covenanted to purchase from him the raw material to which the invention is to be applied—it seems wholly reasonable that provision should be made for the cesser of payment of the rent during any period of some minimum length, for which the licensor shall fail to supply the material. The cesser, however, should be expressed to be without prejudice to the payment of the royalties in respect of the application of the invention to raw material obtained by the licensee elsewhere, and which, as the licence should provide, he should, on such failure, be at liberty to obtain (i).

Cesser of rent while licensor fails to supply material according to his covenant.

Provision is also sometimes made for the commutation of royalties for a lump sum. The simplest method is to make the option by the licensee exercisable within or after a certain period, or at any time while not in default in any of his obligations, on his giving notice of his intention and paying the commutation money, whereupon the licensee would become entitled to a release of the covenants to pay the royalties (j). The usual method, however, is to make the option exercisable only after a certain period, when the commercial value of the invention, as shown by the receipt of royalties, would be likely to appear, and to fix the commutation money according to the number of years for which the licence has to run, taking a yearly average based on the receipts of royalties for the past years (k).

Commutation of royalties.

Where the licensor is at liberty to grant other licences for the same district (l), or even elsewhere, the licensee might require a

Covenant not to grant licences at

(i) For the above provisions, see *Sp. Cl. 20, post*, p. 233, and *Licence IV., post*, p. 254 (Clause 3).

(j) See *Sp. Cl. 22, post*, p. 234.

(k) *Ibid.*

(l) See *Licence VI., post*, p. 263.

lower royalties or for reduction to same amount as in other licences.

covenant by the licensor not to grant any other licence at royalties lower than those to be reserved in the intended licence, or that the amount of the royalties in the latter shall be reduced to that of the lowest royalties for the time being payable under any other licence. Such a covenant, however, by itself will not have a clear operation, unless the licensor is also bound only to grant the other licences at royalties of a nature similar to those reserved in the particular licence. For example, difficulties would arise as to the equalisation of two kinds of royalties at the respective rates of five shillings per article manufactured and four per cent. on the (variable) selling price per article sold (*m*).

Royalties in ascending or descending scale.

Royalties are sometimes made to vary in amount from year to year in an ascending or descending scale, either immediately or to commence after a certain date. Such an arrangement is probably not of frequent occurrence. In the former case, especially where the patent or the industry is new, and sales are likely to be slow at first, the object is to enable the licensee to nurse his expenditure at first. In the latter case, a high premium probably has to be paid (*n*).

Exclusive licence for district on a sale on the hire system.

Where an exclusive licence is to be granted for the whole term of a patent, in consideration of the payment of a premium by instalments, the last of which is to be payable before the end of the term, but no royalties are to be reserved, the contract may be taken to be one for the sale of the patent for the district to which the licence is to apply, on what has been termed in the *Chapter on Agreements* (*ante*), "the hire system" (*o*). As the interest of the licensor in the patent for the district will virtually cease after payment of all the moneys reserved, the licence will in that event become expanded into an assignment (*p*). To enable the licensee to obtain covenants for title and otherwise as on an assignment, the licensor should covenant that on payment of all the moneys due, and the satisfaction of other specified obligations (if any) he will execute to the licensee an assignment of the patent for the district containing the requisite covenants.

Covenants in such a licence.

The other covenants in such a licence, except in respect of the payment of the instalments, will be such as have been previously

(*m*) See *Sp. Cl.* 13 & 34, pp. 231, 238, *post*.

(*n*) See *Sp. Cl.* 16, *post*, p. 232.

(*o*) *Ante*, pp. 37—39.

(*p*) *Cartwright v. Amatt*, 2 Bos. & Pul. 43, and *ante*, pp. 91, 111.

mentioned in the case of an exclusive licence at a rent or premium with or without royalties (*q*). The usual covenant by the licensee that the default in payment of any instalment shall render the whole balance immediately payable, may be modified by limiting the extra demand to some fixed sum, or providing that any extra amount once demanded shall not be increased by any further demand in respect of the same default, and that the demand of an extra sum shall operate so as to accelerate the payments by the like instalments of the final balance. The licensee should, of course, covenant to pay interest on every sum in arrear. A covenant as to the suspension or cesser of payments pending proceedings on appeal against a judgment in revocation of the patent, or on its becoming void, and as to the final cesser of payments being treated as satisfaction in damages, should be inserted. The effect of such a covenant has been before noticed (*r*).

The most ordinary kind of royalties is fixed sums payable according to the weight size or number of the material articles or commodities manufactured by means of the invention, or to which the invention shall be applied. Of other kinds of royalties, there may be mentioned sums payable as shares of or by reference to the amount of net profits obtainable by the licensee, or shares of the selling prices of articles. If the royalties reserved in a licence are to be a share of the net profits in specie obtainable by the licensee, and he is under an obligation to work the invention to a certain extent, the question of the liability of the licensor as a partner may arise, for it may be contended that the licensee becomes an agent for the licensor in the business of working the invention (*s*). The whole tenor of the licence should of course be considered before the question is decided. Where the payments are not to be of a share of the net profits in specie but of amounts equal to a

Different
kinds of
royalties.

(*q*) *Ante*, pp. 199, 200.

(*r*) *Ante*, p. 39. As to the non-recovery of past annual sums paid for a licence, although the patent was invalid, see *Taylor v. Hare* (1805), 1 Bos. & Pul. (N. R.) 260, and note (*b*) to *Licence VIII.*, *post*, p. 272. Where the consideration entirely failed, the moneys could be recovered (*Chanter v. Lees*, 4 Mees. & Wels. 295, and see *ante*, pp. 44, 46, 187).

See Coryton, Appendix, No. 5, and also *Licence VII.*, *post*, p. 266, for precedents of licences of the above kind.

(*s*) See Lindley on Partnership, tit. "Quasi-partnerships" and "Effect of *Cox v. Hickman*," and "the Act of 28 & 29 Vict. c. 86," pp. 33—54, 4th ed. The Act is set out in the Appendix, *post*, p. 368.

definite share of the net profits, the question is less likely to arise (*t*). A provision for payment of a share of the selling prices of articles will not of itself constitute a partnership (*u*).

Covenant to keep and furnish accounts, and allow inspection, &c.

Where royalties are reserved in a licence, the licensee should covenant to keep proper books of account at his place of business, and, at the earliest opportunities, enter in them all particulars necessary for the purposes of the licence. Some of these particulars may be mentioned—*e. g.* the numbers weight or quantity of the articles or commodities which have been manufactured and also sold, and as to which royalties have to be paid; the dates, and (where suitable) the names and addresses of purchasers; and (where applicable) the prices charged or received. Where the royalties are to be made in respect only either of the manufacture or sale, it will be found useful to the licensor, by way of check to the accounts, to have stated particulars as to both manufacture and sale (*v*). If sub-licences may be granted, short statements of the particulars of them might appear in one special book to be kept for the purpose, as the licensee should covenant that the sub-licences shall contain certain terms (*w*).

It should also be provided that the books shall be produced at all reasonable times to the licensor or his agents for inspection and taking copies or extracts from them, and that information shall be given to the licensor in respect of any items. Provision might then be made for furnishing and settling accounts periodically, and for the licensee, if required, to verify the accounts at his own expense, by the statutory declaration of himself or some competent person in his employ (*x*).

Covenant to use the patent mark on articles.

The use of a mark plate label or the like (shortly called the patent mark), designating the patent and the number or quantity, in order of manufacture, of the patent articles or material, is important as an advertisement of the invention as well as a pro-

(*t*) See *ante*, p. 30, and the cases of *Mollwo March & Co. v. Court of Wards*, L. R. 4 Priv. C. 419, and others there cited.

(*u*) Partnership is not the result of an agreement to share gross returns, *Lindley*, p. 26, and see cases there cited.

(*v*) As to the right to an account, where there is no covenant, see *ante*, p. 33.

(*w*) See *post*, p. 214, as to contents of sub-licences, and what particulars of them should be furnished the licensor.

(*x*) See *Licences I. and II.*, *post*, pp. 245, 247.

tection or warning against infringement, and, by reason of the number or quantity designated by it, may form a check to the accounts of the licensee. It will, in general, also be to the interest of the licensee himself to perform the covenant. The mark will be stamped or affixed on each article or as may be suitable the wrapper box or other receptacle containing the article articles or commodity. The covenant is often made to extend to the keeping of the patent mark affixed or placed &c., to the exclusion of any other mark &c. except the name of the licensee or other actual manufacturer. Where the licence is for a district, and the licensor has granted or may grant exclusive licences for other districts, the name of the district should if possible appear with the patent mark, which should also bear a number (if suitable) only applicable to some article made or (if the licence does not include manufacture) sold by the licensee. By this means the different licensees will be enabled to know where the articles were made or issued.

In many cases licensees bind themselves to obtain the dies plates labels &c. only from the licensors, who engage to supply them either gratuitously, or, where the expense is of moment, at prices mentioned in the licence (*y*). Where the articles are small, or circumstances otherwise admit, it is sometimes provided that they shall be brought to the licensor to be stamped &c. In other cases, the licensors engage to send down to the factory of the licensee from time to time some person to stamp &c. the articles (*z*). Where a licensor furnishes the licensee with a die or like instrument bearing the patent mark, it should for obvious reasons be declared in the licence that such die or instrument is the property of the licensor, and shall be delivered up to him on the determination of the licence or as and when required by the licensor (*a*).

Where sub-licences may be granted, it may be found convenient to provide in the licence that the sub-licensees shall be bound to the like covenants as above mentioned respecting the stamping &c. of articles, so far as such covenants are applicable to them, *e.g.* if the licensee is to deal with the licensor in respect of the stamping &c., the sub-licensees, if allowed to manufacture the articles, or to

Supply of
dies, plates,
&c.

Use of patent
mark by sub-
licensees.

(*y*) See *Licence II.*, *post*, p. 247; and *Sp. Cl.* 23—27, *post*, pp. 234—236.

(*z*) See *Sp. Cl.* 25, *post*, p. 235.

(*a*) See *Sp. Cl.* 26, *post*, p. 235.

apply the invention to them, might be required to covenant that they will also deal with the licensor in the same way. In any case a sub-licensee should covenant with the licensee to keep the articles &c. with the stamp &c. affixed &c., and not to remove the same and make the necessary payments (if any) to the licensee or licensor, as the case may be, in respect of them. Where, however, a die or like instrument is to be used, it will probably be found convenient that the licensee alone shall stamp the articles made by the sub-licensees.

Covenant to manufacture only according to specification.

A covenant by a licensee not to manufacture articles except with the application of the patented invention, and according to the specification in force for the time being, is of common occurrence where royalties are reserved (*b*). The object of such a covenant is, of course, to ensure that no articles shall be manufactured by the licensee by any process which might be made to appear distinct from the invention, so as to relieve him from the payment of royalties or use of the patent mark in respect of such articles. This covenant is occasionally extended so as to impose the prescribed royalties on articles manufactured in breach of the covenant (*c*). The covenant has been held not to be in restraint of trade for the restraint is not greater than the privilege (*d*). In connection with this covenant may be mentioned a covenant by the licensor to give to the licensee, at the latter's expense, any information or assistance when required by him in connection with the application of the invention.

Covenant by licensor to assist licensee in application of invention.

Covenant as to liberty for licensor to inspect factory.

Where royalties are reserved, or the licensee covenants not to manufacture except according to the invention, the licensor should be granted the liberty at all reasonable times to inspect the manufactory of the licensee, in order to ascertain the nature and extent of the manufacture or sale, or that the covenants of the licensee are being performed. In the absence of such a covenant, and except for the purpose of procuring evidence in an action the licensor will not have the right of inspection (*e*).

(*b*) As some future improvements may come into the licence, the consent of the licensor should be mentioned in the covenant. See *Sp. Cl.* 30, *post*, p. 236.

(*c*) See *Sp. Cl.* 30, *post*, p. 236.

(*d*) *Jones v. Lees*, 1 Hurl. & Norm. 189. Distinguish this case from *Jones v. Lee*, 25 L. J. Ex. 241, in which an order was granted to a licensor to inspect the factory of the licensee (*next note*).

(*e*) The law will not create a covenant respecting a personal thing (Com.

A covenant by a licensee not to assign mortgage or charge the licence or grant sub-licences in respect of it, or attempt so to do, without the consent in writing of the licensor should, in the interests of the licensor, be inserted in every licence where monies are reserved or there are important covenants in other respects (*f*).

Covenant not to assign or charge licence or grant sub-licences without consent.

The object of the insertion of such a covenant is, of course, that the licensor may ensure that each assignee &c. is a substantial person, and (if possible) that each assignee will bind himself (partially at least) to the performance of the covenants (*g*). The question of the extent to which the covenants of a licensee are binding on his assigns has been already noticed (*h*).

In the absence of any provision to the contrary, such as a condition that the consent shall not be arbitrarily withheld, it is presumed that such consent may be given upon terms pecuniary or otherwise (*i*); but the licensor should be made a party to the assurance if he wishes to obtain direct covenants from the assignee or other person (*j*). In the case of a mortgage or charge no covenants from the mortgagee can well be obtained, unless their operation is to be only during and in respect of the period of actual possession or user (if any) of the licence by the mortgagee or his assigns (*k*).

Consent given upon terms.

Dig. tit. Covenant (A. 4); Hindmarch, 243). In *Jones v. Lee*, 25 L. J. Ex. 241, in an action for breach of a covenant to manufacture only according to the invention, the licensor was allowed inspection in order to enable him to furnish particulars of the breach. As to obtaining the right of inspection in actions for infringement, see notes to sect. 30 of the Act of 1883 in Lawson, and (under the old law) Agnew, 294, 335.

(*f*) In the case of a licence merely to sell the patent articles, which are, in the first place, to be sold by the licensor to the licensee or his nominees, the above covenant might be omitted, as being too restrictive of the business of the licensee. See *post*, p. 221, as to "licence merely to sell the patent articles," and *Licence V.*, *post*, p. 259.

(*g*) The observance of the *passive* covenants is, probably, binding on the assigns who take with notice of them. See *ante*, p. 186.

(*h*) *Ante*, pp. 185, 186. See *Assignment X.* and *Mortgage IV.*, *ante*, pp. 163, 177, where a licensor is made a party to the assignment and mortgage respectively of a licence, and obtains covenants from the assignee and mortgagee respectively.

(*i*) *E.g.* that a sum be paid to the licensor by the licensee, or that some part of the premium (if any) payable to the licensee for the sub-licence shall be paid to the licensor, either generally or in or towards satisfaction of monies due to him from the licensee, or that some variation shall be made in the terms of the licence.

(*j*) See *Assignment X.*, *ante*, p. 163, and remarks at p. 128, *ante*.

(*k*) See *Mortgage IV.*, *ante*, p. 177, and remarks at pp. 131, 132, *ante*.

Consent not to be arbitrarily withheld.

Where it is mentioned in the licence that the consent shall not be arbitrarily withheld, it is presumed that the licensor can derive no extra pecuniary profit from giving the consent, but may take all necessary precautions to ensure that the new comer is a responsible person and otherwise that his interests are not likely to suffer on account of the assignment or sub-licence (*l*).

Consequence of breach of such a covenant.

If a proviso be not inserted in the licence that the same may be revoked on the breach of the covenant not to assign &c., or the covenants generally, a breach of the covenant will not affect the validity of the assignment or sub-licence, if the licence be expressed to be granted to the assigns also; and the licensor will only have his remedy for damages (if any) against the licensee for the breach. Hence such a proviso should always be inserted in connection with the covenant at least.

Cases where covenant may be omitted.

Where a premium is to be paid at once and no royalties or other sums or advantages are to be reserved, then, unless the intention is only to grant to the licensee personally but no further, the covenant should of course be omitted (*m*). Where the licence is only to the licensee personally the covenant is not in strictness required, but it will be found advisable to insert it in order expressly to warn third persons who, ignorant of the limited effect of the licence, may think fit to treat for an assignment or sub-licence.

Express power to grant sub-licences.

As mentioned above, a licensee entitled to assign his licence is also, in the absence of some provision to the contrary, at liberty to

(*l*) As to the effect of covenants in leases not to assign &c. without consent, see Woodfall on Landlord and Tenant, 13th ed. pp. 658 *et seq.* Where the assignment is by compulsion of law or otherwise involuntary—*e.g.* under an Act of Parliament, or by reason of bankruptcy or execution under a judgment—the covenant is not broken (*Baily v. Crespigny*, L. R. 4 Q. B. 180, as to the first point; and see other cases also cited in Woodfall, *Ibid.*). There the maxim “*Lex non cogit ad impossibilia*” applies. As to gifts by will, see also Woodfall, 661, who considers that they are not assignments, and therefore not breaches of the covenant. In the case of *Pierson v. Harvey* (Times, 24 April, 1885), it was decided that, where the consent of the landlord was to be obtained beforehand, but not to be withheld if the proposed assignee or under-lessee was a responsible person, there was no breach, notwithstanding the consent was not applied for or given, as the person in question was shown to be a responsible one.

(*m*) There should be an assignment for the district in such a case if the contract be for the exclusive use of the invention. See, as to the comparison of advantages between assignments and licences for districts, *ante*, pp. 117, 118.

grant sub-licences (*n*). In order, however, to ensure against the improvident granting of sub-licences whereby the ability of the licensee to perform his obligations may be considerably reduced, it will be found advisable in some exclusive licences for the licensor to give express power to the licensee to grant sub-licences containing prescribed terms (*o*). The adoption of this plan will enable a licensee to proceed to grant a sub-licence without first obtaining the consent of the licensor or his approbation of the terms of it.

The prescribed terms are, to their fullest extent, usually that each sub-licence shall be expressed to take effect at once in possession and be granted to the sub-licensee personally but not his assigns (*p*), and be at royalties only which shall be the highest that can reasonably be gotten, and shall contain covenants by the sub-licensee to perform and observe certain of the covenants and conditions in the licence (*q*), and not to assign or encumber the sub-licence or attempt so to do without the written consent of the sub-licensor (*r*), and for revocation of the sub-licence on default being made for (say) twenty-one days in the payment of royalties due thereunder, or on the breach of other covenants or conditions in the sub-licence, or on bankruptcy or committal of any act of bankruptcy whether available for adjudication or not, and that the sub-licensee shall execute a counterpart of the sub-licence. Terms of such a power.

As, however, the licensee might be induced to waive any breaches by his sub-licensee or even release him from some or all of his obligations, it seems well to provide also in the licence that the licensee shall not release any of the covenants or conditions to be performed or observed by the sub-licensee, and shall give the licensor immediate notice in writing of any breach committed by a sub-licensee, and shall if required by him revoke the sub-licence on account of the breach, and shall not without the written consent of the licensor grant any further sub-licence to the same person.

(*n*) *Ante*, p. 187.

(*o*) It is not of course advisable to give the power of sub-licensing to a non-exclusive licensee.

(*p*) It might be provided that on payment of some sum the licence may be extended to an assignee, if a responsible person.

(*q*) *E.g.* as to the use of the patent mark, and the not disputing the validity of the patent, and (where the sub-licensee may manufacture) as to the manufacture only according to the specification.

(*r*) See pp. 213, 214, *ante*.

Covenants as to improvements made, &c. by either party.

Where the licensor is himself to use or continue to use the invention, each party should covenant that any improvements or additions to the invention or new discoveries useful for the manufacture of the patent article made by him, shall during the continuance of the licence be communicated to the other of them and be available for both parties, and if made by the licensor shall be deemed part of the original invention (c). As to the importance of including improvements &c. in contracts relating to patented inventions, reference should be made to the remarks of Jessel, M. R., in *Printing and Numerical Registering Company v. Sampson* (d).

Revocation of a licence.

The events on the happening of which a licence is provided to be revoked are usually—the default of the licensee in payment of the royalties or other sums reserved; the breach by him of any covenant in other respects; or his bankruptcy or the committal by him of any act of bankruptcy (e). Where no premium or rent is to be reserved or payable, it is sometimes desirable to add the event of the licensee not commencing within a given time to use the invention, or, having once commenced, discontinuing to use the invention for any single period of a certain length, or not manufacturing or selling articles to a certain average extent, or not working the invention at a profit or certain minimum amount of profit (f).

In the unusual case of an exclusive licence not being at any rent or premium the licensor would be dependent for profit within the district only on the licensee, and should therefore require that the additional events last mentioned, so far as applicable, should be

has granted an exclusive licence, with power of revocation, ought and would be allowed to sue for infringement without bringing the licensee before the court.

(c) See *Sp. Cl.* 44, *post*, p. 240.

(d) L. R. 19 Eq. 462. An agreement to assign future patent rights of a like nature and together with an existing patent is not void as against public policy (*Ibid.*; see also *Leather Cloth Co. v. Lonsont*, L. R. 9 Eq. 345). The same principle applies to licences of future patent rights. As to improvements or additions generally, see also *ante*, pp. 33—36.

(e) As to waiver of power to revoke a licence on the rent being in arrear, see *Warwick v. Hooper*, 3 Mac. & G. 60. There the licensor had for some years received payment on a reduced footing, and was held not entitled to revoke for the past breach.

(f) See *Sp. Cl.* 42, *post*, p. 239. The payment of royalties for the given period, if involving a loss to the licensee, will show that the business was unprofitable for that period. See *Kernot v. Potter*, 30 Beav. 343.

stated in the proviso or clause of revocation. If a non-exclusive licence merely at royalties is to be granted there is less reason for the mention of these events, but it must be noticed that the mere existence of such a licence, although the licensee may only work it at intervals or at small profit, is likely to be to some extent a deterrent to the taking by third parties of other licences for the same district; unless perhaps the latter can be granted at lower royalties than those reserved in the particular licence. Where the licence is to the licensee and his assigns, revocation is sometimes provided in the event of his death. In a simple case, it might be provided that the revocation of a licence shall be by notice in writing given by the licensor at any time, or after a certain date.

As there is no statutory provision to save the forfeiture of licences similar to any of the acts relating to leases of land or of any kind whatever, it seems fair to provide against advantage being immediately taken of the breach of any covenant which can be repaired, by making it a condition of forfeiture in such event that, if the licensee shall for a certain time after he has received notice from the licensor to repair the breach (if repairable), omit so to do, the licensor shall then be at liberty to revoke the licence (g). In the absence of a clause for revocation, the breach of the covenants to pay royalties or rent or any other covenants of the licensee will not work a forfeiture of the licence (h).

Notice to repair breach before power exercised.

Breach not cause forfeiture, if no power of revocation.

Where the obligations of an intending licensee are to be confined to the payment of royalties and doing other acts proportionate to the extent of and during his use (optional) of the invention, there is of course no need to provide for his being at liberty to determine the licence, or his obligations thereunder, in the event of the patent becoming void or any other event, as he can at any time or times cease to use the invention. If rent or other fixed sums payable periodically is or are to be reserved, or the other obligations of the licensee are to be in gross, that is, independent of his use of the invention, the licensee should take care to provide that he shall be at liberty to determine the licence in the event of the patent becoming void or other important event.

Determination of the licence by the licensee.

(g) This addition is not, it is believed, often inserted, but a licensee, if likely to risk much money in working the licence, should require it.

(h) This seems at least to result from the decision in *Tielens v. Hooper*, 5 Exch. 830, which related to a breach of the covenant to pay the rent.

*Neilson v.
Fothergill.*

In *Neilson v. Fothergill* (i) it was held that after a patent had been declared void between the licensor and third parties, the licensee could successfully resist an action for rent claimed to have accrued due after he had ceased to use the invention. Notwithstanding this decision however, the insertion of an express provision for determination in the event of the patent becoming void is advisable, in order to preclude the question as to whether the obligations of the licensee or any of them were intended to be in gross or not, as, in the absence of such a provision, it might be held that they were intended to be performed during the whole term limited by the licence, without reference to the validity or duration of the patent or the use of the invention (j).

Power to
determine
on breaches
by licensor.

In addition to the event of the patent becoming void, it may be advisable in a particular case to mention in the proviso other events—*e. g.* the breach by the licensor of his covenant to supply the licensee with the patent articles (where the licence is only to sell) or material to which the invention is to be applied, the failure by the licensor to pay the licensee for articles supplied by him, and the breach by the licensor of any other of his covenants. Instead, however, of mentioning a number of events on which the licensee may determine the licence, it may be found convenient to provide that he may be at liberty at any time, either generally or after a certain date, to determine the licence by giving two or three calendar months or weeks previous notice in writing for that purpose.

Return of
part of pre-
mium on
patent becom-
ing void.

If a premium is to be paid on the grant of a licence, provision might be made for a return of part of it, in the event of the patent becoming void, proportionate to the remainder of the term which shall have lapsed. In the absence of such a provision the licensee cannot recover any portion of his premium on the patent becoming void (k).

(i) 1 Webs. 290, cited *ante*, pp. 189, 190.

(j) See *Smith v. Scott*, 6 C. B. N. S. 771 (Licence); and *Cutler v. Bower*, 11 Q. B. 973 (Assignment), as to certain covenants of parties being independent of each other. These cases are cited at pp. 188, 189, where reference should be made.

(k) See *ante*, p. 191, as to money paid for a licence not being returnable unless there was a total failure of consideration &c. and the consideration could not be apportioned; and see *Taylor v. Hare*, there cited as to the patent becoming void.

As the sale of a patent article by the licensor without conditions comprises undoubtedly, as against him, a licence to the purchaser to use or sell the article everywhere (*l*), it is advisable in cases where a person is to make extensive purchases of patent articles for the purpose of re-selling them, for the licensor to grant him a special licence in order to impose the necessary conditions, and to enable the other party to get his rights registered. The previous observations as to the contents of licences apply more particularly to licences to manufacture and sell patent articles, and are subject to certain modifications in the case of licences merely to sell patent articles.

Licence merely to sell the patent articles.

Thus the licensor may not be dependent for royalties on the sale of the articles by the licensee or the state of his business, so that the keeping, furnishing and verifying of accounts would be dispensed with. So also as to the liberty of the licensor to inspect the place of business of the licensee. A covenant by the licensor to supply the patent articles should refer to such as may be made with any improvements, but a covenant by the licensee to give the licensor the benefit of improvements is probably unnecessary. A covenant by the licensor to take proceedings at the request and cost of the licensee in respect of infringements alleged to have been committed within the district, or permit him in the name of the licensor so to do, should in general be confined to infringements on sales, although the licensee should covenant to inform the licensor of suspected infringements of the patent of whatever nature (*m*). A covenant not to assign or incumber a mere selling licence, where the patent articles are in the first instance to be sold and supplied to the licensee or his nominees by the licensor or his manufacturing licensees, would hamper the licensee and should be omitted, if the licensee is to guarantee all payments for goods notwithstanding the assignment &c. of the licence (*n*).

Contents of such a licence.

A clause or mutual covenant for referring matters in dispute to arbitration is not uncommonly inserted in a licence, and is of the usual form (*o*), but a special person (generally an expert in the

Arbitration clause.

(*l*) See *Betts v. Willmott*, L. R. 6 Ch. 239; and *ante*, p. 194, *note*; and also *ante*, p. 117, *note* (Chapter on "Assignments").

(*m*) As to these covenants, see *ante*, pp. 199—201.

(*n*) See *Licence V.*, *post*, p. 259, for a precedent of a mere selling licence.

(*o*) Form 24, *ante*, p. 55.

kind of business) is sometimes named as sole arbitrator, or each party is to nominate one such person.

Other special covenants to be found in the precedents.

Registration of licences.

For other special covenants and provisions, see Special Clauses, *post*, and the Precedents of Licences, *post*.

With regard to the registration of licences, reference may be made to the subject of registration generally in the Introductory Chapter, *ante*, pp. 23—25, and also to some extent in the Chapter on Assignments, *ante*, pp. 132, 133.

Fees and stamps.

A fee of ten shillings must be paid on a licence previous to the entry thereof on the register (*p*). Where a licence is not by deed though under seal, no stamp duty seems payable on it as such under any of the Stamp Acts. Where a licence is or purports to be by deed, it must, it is presumed, bear a stamp of ten shillings under the Stamp Act of 1870 (*q*) in addition to the fee for entry. When a premium or fixed sum is paid for a licence, an *ad valorem* stamp on the amount must be impressed (*r*). Where a licence contains a covenant for the payment of a minimum royalty, the Stamp Office insists upon payment of an *ad valorem* duty upon the gross minimum royalty reserved, and this although the licence contains power for licensor or licensee to determine the licence (*s*).

(*p*) First Schedule to Patent Rules, 1883, *post*, p. 329.

(*q*) 33 & 34 Vict. c. 97, *sub nom.* "Deed of any kind whatsoever not described in this Schedule."

(*r*) Johns. P. M. 233. See Stamp Act, 1870, "Conveyance or Transfer on Sale," and sect. 70 thereof. This would be so, whether the licence be by deed or otherwise.

(*s*) Johns. P. M. 234. See sect. 72 (1) of the Stamp Act.

LIST OF ORDINARY COVENANTS IN LICENCES.

A. WHERE OPEN CONTRACT. (See *ante*, p. 195.)A.
Open contract.*By the Licensee.*

1. To pay royalties or other sums.
2. To furnish accounts.

By the Licensor.

None at all.

B. WHERE A FULL CONTRACT.

B.
Full contract.
I. Royalties only.

- I. Where royalties (but no rent or premium) are reserved.
[Exclusive or non-exclusive licence, unless otherwise stated.]

By the Licensee.

1. To pay royalties.
2. To keep furnish and verify accounts and allow inspection &c. of books—pp. 202, 210.
3. To use the patent mark on the articles—pp. 202, 210 *et seq.*
4. To manufacture only according to the specification—pp. 202, 212.
5. To allow the licensor to inspect the factory—pp. 202, 212.
6. Not to assign or charge the licence or grant sub-licences without consent of licensor—pp. 202, 213, 214.
[But in an exclusive licence an express power to grant sub-licences might also be given—pp. 215, 216.]
7. Not to dispute the validity of the patent at any time—pp. 202, 216.
8. To detect infringements, and give notice thereof and assist licensor in proceedings—202, 217.
9. To give licensor the benefit of improvements &c. [or include this in a mutual covenant]—pp. 202, 218.
10. Proviso for revocation by the licensor on breach of covenants or bankruptcy [or death] or by notice at any time—pp. 202, 218, 219.

[Sometimes add the event of the licensee not commencing or discontinuing to work the invention, or not manufacturing to a certain extent—p. 218.]

By the Licensor.

1. As to validity of patent (qualified)—pp. 114, 197.
2. As to right to grant (qualified)—pp. 196, 197.
3. (Exclusive licence.) To take proceedings for infringement within the district at the request and cost of the licensee, or permit him to do so in the licensor's name—pp. 199—201.
4. As to improvements &c. made by the licensor (or, if thought fit, include this in a mutual covenant)—pp. 199, 218.
5. (Exclusive licence.) That there are no other subsisting licences within the district—pp. 182, 199.
6. (Exclusive licence.) Not to use the invention or grant other licences within the district—pp. 183, 199.
7. (Exclusive licence.) As to the production and safe custody &c. of the letters patent—p. 199.
- 8 and 9. Transmission and arbitration clauses (if thought fit).

II. Premium or rent (or both) and royalties.

II. Where a premium or fixed rent (or both) and royalties are reserved. [Exclusive or non-exclusive licence unless otherwise stated.]

By the Licensee.

1. To pay royalties and other sums.
[As to an average clause, where a fixed rent is reserved, see p. 193.]
2. The covenants Nos. 2—9 (both inclusive) by a licensee as above (or) such of them as may be applicable. [Insert however an express power to grant sub-licences—p. 214.]
3. Provision for revocation by the licensor on breach of covenants or bankruptcy or committal of act of bankruptcy—pp. 202, 218, 219.

By the Licensor.

1. As to validity of patent (qualified)—pp. 114, 197.
2. As to right to grant (qualified)—pp. 196, 197.
[Or as a matter of bargain, *e.g.* where a large premium and royalties or both premium and rent with royalties are reserved, let the full covenants for title be inserted by implication under the Conv. Act, 1881—p. 196.]
3. (Where the licence is only to sell.) To supply the licensee with the patent articles.
4. To pay the renewal fees or permit the licensee to do so and allow him to deduct amounts so paid from royalties &c. due; and also generally to perform &c. the conditions of the patent—pp. 199, 200.
5. To defend the patent at his own cost in any proceedings for revocation—p. 199.

6. (In exclusive licence.) To take proceedings for infringements within the district at request and cost of the licensee, or permit him to do so in licensor's name—pp. 199—201.

7. Not to amend the specification without the written consent of the licensee—pp. 199, 202.

8. To give the licensee the benefit of improvements &c. [Or include this in a mutual covenant]—pp. 199, 218.

9. (In exclusive licence.) That there are no other subsisting licences within the district—pp. 182, 199.

10. (In exclusive licence.) Not to use the invention or grant other licences within the district—pp. 183, 199.

11. Proviso for determination of the licence by the licensee on the patent becoming void or breach in licensor's covenants. [Or on notice]—pp. 219, 220.

12. Acknowledgment and undertaking as to the letters patent (Conv. Act, 1881)—p. 199.

13 and 14. Arbitration and Transmission Clauses (if thought fit)—pp. 55, 56.

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Covenant to
pay royalties
(fixed sums).

1. The licensee shall during the continuance of this licence pay to the licensor half-yearly on every _____ day of _____ and _____ day of _____ for every _____ manufactured by the licensee hereunder and in the half-years then ending respectively sold by him a royalty of £_____ (a) [Or say "the royalty specified in the Schedule hereto," and add (if appropriate) "according to the size and description of such article"] (b).

Royalties
(fixed sums)
both on
manufacture
and sales.

2 (c). The licensee shall during the continuance of this licence pay to the licensor half-yearly on every _____ day of _____ and _____ day of _____ for every _____ manufactured by the licensee hereunder in the half-years then ending respectively a royalty of £_____ and for every _____ sold by him as aforesaid therein respectively a royalty of £_____.

Royalties on
sale moneys
after satisfac-
tion of cost
price and
manufac-
turer's profit
(licensee being
manufacturer
and seller).

3. The gross returns on the sale of each machine by the licensee shall be applied first in satisfaction to him of a sum of £_____ or such lesser sum as such returns will amount to which sum shall be taken to include both the cost price of the article and the profit thereon of the licensee as manufacturer thereof and as to the balance (if any) of such returns shall be divided equally between the said parties (d).

Proviso that
in lieu of
royalties on
sales, lower
royalties may
be paid both

4 (e). PROVIDED ALWAYS that the licensee may at the end of each half-year without giving any previous notice to the licensor of his intention so to do [but not so as thereby to reduce the rent (f)] vary the amount of royalties in respect of any of the articles aforesaid not being less than _____ in number then in his possession

Variations
of the above
in certain
cases.

(a) Or (as to manufacture only) write "manufactured by the licensee hereunder in the half-years then ending respectively a royalty of £_____."

Where the royalty is to be paid, not on an article but on a fixed quantity of material, write (instead of the above) "for every [say] hundred weight of _____ manufactured, &c.," and add (if thought fit) "and so proportionately for any less quantity. *Provided*, however, that any quantity less than [say] 7 pounds not otherwise liable to a royalty shall be treated as weighing 7 pounds."

Where the invention is such that it may only be applied to existing or unpatented articles or material, write (instead of the expression as to manufacture) "for every &c. to which the said invention may be applied by the licensee &c."

Where royalties are to be paid on sales (with or without previous royalties on manufactures), it will be found convenient to use also *Clause 5, post*, as to reduced royalties on articles unsold at end of licence.

(b) In this clause, and other later ones, the assigns of either party or of both of them may be taken to be implied by means of a Transmission Clause. See *Clause 52, post*.

(c) For variations in the language of this clause as to the nature of the invention, see note (a).

(d) The final share of the licensee will be his profit as a licensee. *Clause 5, post*, might be adapted to form a proviso to the above clause, by making the reduced royalty depend on the average selling price for the previous few months or so.

(e) As to this clause, see *ante*, p. 204.

(f) That is, if rent be reserved.

and unsold by debiting himself therefor in the accounts for such half-year with royalties at the rate of — shillings per article (*g*) and so that at the end of any succeeding half-year in which the articles last aforesaid shall be sold he shall debit himself in the accounts with further royalties at the rate of — shillings per article (*h*).

on manufac-
tures and
sales.

5 (*i*). PROVIDED ALWAYS that at the end or sooner determination of this licence all articles in the possession of the licensee not then already sold whether actually complete or only in course of manufacture shall bear the royalties which would respectively become payable under Clause — as if the same had been actually sold less however a discount of — per cent. thereof (*j*).

Proviso that
unsold articles
at end of
term shall
bear reduced
royalties.

6 (*k*). The licensee shall during the continuance of this licence pay to the licensor the annual sum of £— (hereinafter called "the rent") by two equal instalments of £— each on every — day of — and — day of — respectively by way of royalty at the rate of — shillings per hundred weight on — hundred weight half-yearly of the said — as if such quantity shall in each such half-year have actually been manufactured hereunder by the licensee (*l*) and also except as next hereinafter provided (*m*) a royalty on the same half-yearly days respectively at the same rate for every hundred weight or lesser quantity of — manufactured by him hereunder in each such half-year in excess of such quantity of — hundred weight (*n*).

Covenant to
pay rent and
royalties.

7. The licensee doth hereby covenant &c. [*Use Clause I., ante, p. 228, as to the covenant to pay royalties.*] AND ALSO such further sum (if any) as together with the said royalties shall amount to the sum of £— (hereinafter called "the rent") [that is to say a sum equal to the amount of royalties on — of the said articles (*o*)] (*p*).

Another form.

(*g*) Or say "the royalties in this behalf mentioned in the Schedule hereto."

(*h*) *Ib.* The above proviso should be supplemented by the next proviso as to reduced royalties on articles remaining unsold at the end of the term.

(*i*) This proviso is to apply only where royalties on sales (with or without royalties on manufacture) are reserved. See *ante*, p. 203.

(*j*) This clause must be varied for the case of the original royalties not being of fixed amount, *e.g.* as in *Clause 3, ante*. In every such case the reduced royalty might conveniently be some percentage on the average selling price for the last few months or so.

(*k*) For another form, see next clause.

(*l*) Or (if the royalties are to be on sales) say, "as if such quantity had actually been manufactured, and in each such half-year been sold by him."

(*m*) This refers to the Average Clause. See *Clauses 8 and 9, post*.

(*n*) Or (as to sales) say, "manufactured by him hereunder, and in each such half-year sold by him in excess, &c."

(*o*) If the words in brackets be used care should be taken that the calculation is correct.

(*p*) See the next two clauses (Average Clauses).

Average
clause.

8. PROVIDED ALWAYS that if the rent for any half-year shall exceed the total amount of royalties due therefor the licensee shall be entitled for any one or more succeeding half-years (so far as necessary for the purpose) for which respectively the total amount of royalties due shall exceed the rent to a remission of so much of the latter excess as will make up to him the excess of payment made in the half-year for which the rent shall have exceeded the royalties due therefor as aforesaid (g).

Another form.

9 (r). PROVIDED ALWAYS that if the licensees shall for the period between the date hereof and the first day of January next or for any succeeding year pay a royalty or royalties according to the covenant hereinbefore contained without having actually sold within such period or year the engine or engines on which such royalty or royalties were so paid they shall be at liberty in any succeeding year or years, without paying any further royalty in respect thereof to sell to the number requisite to make up such past deficiency aforesaid an engine or engines of the lowest class or (but subject to the payment of the difference in royalties) an engine or engines of any different class or classes.

Royalties on
carloads.

10. A royalty of £—— for every carload of —— imported by the licensees into their works for the manufacture as hereinbefore authorized which term carload shall be deemed to mean a quantity of —— aforesaid of the weight of —— cwt. (s) and so proportionately for any lesser quantity. PROVIDED HOWEVER that no apportionment of any royalty shall be made in respect of any quantity less than 7 lbs. (t).

Royalties
per shuttle
according to
width of
fabric and
period of use.

11 (u). Pay for every shuttle used in weaving as aforesaid the said fabrics without silk and either in warp or weft to a width not exceeding three inches the sum of five shillings for every day or fraction of a day of such use and to a width exceeding three inches but not exceeding six inches the further sum of two shillings for every day or fraction of a day of such use and to a width exceeding six inches but not exceeding nine inches the still further sum of two shillings for every day or fraction of a day of such use and so on at the rate of two shillings per day or fraction of a day of such use for each and every further extra width of three inches or less. And for every shuttle &c. [*Similar provision as to the manufacture of the fabrics with silk.*]

(g) For another form, see next clause.

(r) This proviso is to meet the case of royalties of different amounts having been reserved on the sales of engines of different classes, and an annual rent having been fixed covering the royalties on the sales of a certain number of engines of the lowest class.

(s) Or (if applicable) write, "a quantity of —— aforesaid to the extent of —— superficial feet."

(t) Or —— superficial feet.

(u) This clause is adapted from a clause in a precedent in Coryton (Appendix No. 3).

12. A royalty of £—— for the application of the said invention to the first 1000 foot-warmers or other apparatuses of a similar character used by the company or any lesser number and £—— for the like application to every additional 100 and so proportionately in respect of any less number than 100 of such additional apparatuses.

Royalties on railway foot-warmers, to which the invention may be applied.

13 (v). The royalties for any articles aforesaid shall be reduced from time to time so as to equal the lowest royalties for corresponding articles for the time being provided to be paid in similar cases in any other then subsisting licence granted for the said district or any part thereof (w). AND FURTHER the licensor shall give to the licensee information in writing at the earliest opportunity of any reduction of royalties which ought to be made as aforesaid and of the circumstances relating to such reduction: PROVIDED ALWAYS that the licensor shall not without the written consent of the licensee grant any other such licence unless there be reserved thereunder royalties of the like kinds respectively as are reserved hereunder payable half-yearly (x). PROVIDED ALSO that no royalties reduced as aforesaid so as not to exceed the royalties of any other licence shall be liable to be increased by reason only of the expiration of such licence.

Royalties to be reduced to lowest for time being in other licences.

Early notice to be given to licensee of any licence involving the reduction.

Reduced royalties not to be increased if other licence be determined.

14 (y). If the licensee shall at any time during the continuance of this licence have reasonable cause to believe that an infringement of the said letters patent had taken or was then taking place within the said district and shall serve the licensor with a notice in writing requiring him at the expense of the licensee (z) to take proceedings legal or otherwise with all due speed in order to prevent or restrain the said infringement or any renewal thereof and the licensor shall for the space of one week or more after such service unreasonably neglect or refuse so to do or having commenced shall for the like space unreasonably neglect or refuse to continue such proceedings the licensee may at any time thereafter while the said infringement or renewal thereof shall remain unprevented or unrestrained on serving the licensor with a further notice in writing for the purpose be at liberty to withhold payment of any rent or royalties aforesaid thereafter becoming due hereunder (a): PROVIDED HOWEVER that the suspended payments shall revive (if at all) either on the termination of any proceedings aforesaid

Suspension of rent and royalties while licensor omits to take proceedings for infringements.

(v) As to this clause, see *ante*, p. 207. For a shorter clause, see *Clause 34, post*.

(w) Or let there be no limit in the area, *e.g.* if the intended licence be an exclusive one.

(x) Or as provided in the present licence.

(y) As to this clause, see *ante*, pp. 205-6; and note (g) to *Licence X., post*, p. 280. See also *Henderson v. Mostyn Copper Co.*, L. R. 3 C. P. 202.

(z) Or at the expense of the licensor. In the latter case the proviso in brackets at the end of this clause should be inserted.

(a) Or provide, as in *Clause 19*, that the payments shall be made to trustees.

resulting in favour of the licensor or if and whenever it shall be ascertained to the proper satisfaction of the licensee that the alleged infringer or infringers had done nothing to justify any such proceedings being taken against him or them but the licensee shall in the meantime keep due account of all royalties so suspended. [(a) PROVIDED ALSO that the licensee in addition to requiring the licensor to take any such proceedings as aforesaid shall as a condition precedent to the commencement thereof furnish the licensor with such particulars of and information as to the alleged infringement as should establish a reasonable presumption as to the fact of such infringement.]

Royalties varied as sales of articles continue.

15. Pay to the licensor half-yearly on every ——— day of ——— and ——— day of ——— during the said term the following royalties namely :—For the first 100 articles aforesaid sold by the licensees ——— per cent. on the gross proceeds of the sale thereof and for the next 400 articles aforesaid so sold ——— per cent. on the gross proceeds of the sale thereof and for any further articles so sold as aforesaid ——— per cent. on the gross proceeds of sale thereof.

Royalties in descending scale after certain date.

16. PROVIDED ALWAYS that from and after the ——— day of ——— 1890 the said royalties shall be reduced in amount yearly so that for the year 1891 the royalties shall be at rates 5 per cent. less than those for the year 1890 and for each of the 2nd 3rd and remaining years during the continuance of this licence the royalties shall be at rates 5 per cent. less than those in the preceding year.

Remission of royalties in the case of bad debts.

17 (b). PROVIDED ALWAYS that every sum not being less than £—— which may be owing to the licensee from any single person firm or company or persons jointly as the price of articles sold by him in any half-year shall be treated in the accounts therefor as having been then actually paid to him (c) and every sum of whatever amount which at the end of some half-year aforesaid shall have been owing to the licensee as aforesaid for ——— calendar months or more shall unless the licensee shall show to the satisfaction of the licensor that he had taken all reasonable means to recover the said sum be treated in the accounts for that half-year as having been actually paid to him but except as aforesaid and subject to his accounting for any moneys as and when received by him (if at all) in respect of any debts owing to him as aforesaid no debts at the end of any half-year remaining owing to the licensee for

(a) This proviso is to be inserted where the costs of the proceedings are to be borne by the licensor (*ante*, p. 206).

(b) See *ante*, p. 204, as to this proviso, which will suit the case of the royalties being by way of a share of the net profits or sale monies, but can easily be adapted for the case of other kinds of royalties payable in respect of sales.

(c) This is, of course, to discourage credit being given for large amounts.

articles sold by him as aforesaid shall be treated in such accounts as moneys actually received by him (d).

18 (e). PROVIDED ALWAYS that if the said letters patent shall from any cause become wholly or as to some material part of the said invention void the unpaid balance (if any) not then already due of the said purchase-money shall cease to be payable either at all and in that case this licence shall absolutely determine without prejudice to the payment of all moneys then already due or to any right of action by either party then accrued hereunder or (in the event of a successful appeal from any judgment revoking the said letters patent) during the period for which such judgment shall remain in force and in the event of such an appeal the right of the licensors to payment of the said balance shall revive and the same or so much thereof as shall have fallen due on each half-yearly day (if any) aforesaid within the same period shall become payable at the date of the said judgment on appeal. PROVIDED ALWAYS that the final cesser of payment as aforesaid shall be deemed satisfaction in full to the licensee of any claim by him for damages or compensation by reason of the said letters patent having become void as aforesaid.

Payments to cease or (pending appeal) to be suspended if patent become void.

But final cesser to be deemed satisfaction of damages.

19 (f). PROVIDED ALWAYS that pending any proceedings that may be undertaken by any third party in order to obtain the revocation of the said letters patent the licensee shall pay all royalties for the time being due hereunder to A. B. of &c. and C. D. of &c. or such other persons as the parties hereto may select who shall retain all sums so paid to them until final judgment whether on appeal or otherwise shall have been delivered in respect of the said proceedings and in case such judgment shall be in favour of the licensor shall pay the said sums to the licensor but in case it shall be in revocation of the said letters patent shall pay the same to the licensee subject as to the said sums in either case to the satisfaction thereof of the costs and expenses of and attending the trusts in respect thereof as aforesaid (g).

Royalties to be paid to trustees pending proceedings for revocation of patent.

20 (h). PROVIDED ALWAYS that if from any cause whatever not attributable to the licensee the licensor shall for any one half-year become unable to and in fact not supply to the licensee the said

Cesser of rent while licensor fails to supply material as covenanted.

(d) As to when a sale of goods is completed, see Benjamin on Sales (Chapter on "Delivery") and Williams, P. P. (Chapter on "Alienation of Choses in Possession").

(e) See *Licence VII.*, *post*, p. 266, in which such a clause appears, and note (d) thereto.

(f) *Ante*, p. 206.

(g) It may be intended, however, only to provide for the return to a licensee, in case the patent should be revoked, of some part of his premium (if any) or such a sum as will make up to him what he has not succeeded in recovering by virtue of the Average Clause. The above clause can, of course, be easily modified to make such a provision.

(h) *Ante*, p. 207.

material to the amount of ——— tons at least the rent shall not become payable for such half-year but this proviso shall not affect the obligation of the licensee to pay royalties as aforesaid on the amount of [*the substance manufactured*] in the same half-year actually manufactured by him subject to the operation of Clause ——— (i).

Delivery of articles by licensee to his selling sub-licensees to be deemed sales to them.

21 (j). All articles delivered or sent by the licensee to any of his sub-licensees according to the terms of their respective sub-licences shall for the purposes of this licence be considered as having been actually sold by the licensee at the respective times when the same shall have left his said works in the possession of or to be delivered to such sub-licensees respectively and the licensee shall accordingly pay in respect of such articles the royalties provided by Clause ——— hereof to be paid in respect of sales less a discount of ——— per cent. thereof (k).

Commutation of royalties.

22 (l). PROVIDED ALWAYS that the licensee may commute the payment of future royalties as from the ——— day of ——— 18— or the last day of any other year thereafter of the said term hereby granted by serving the licensor with not less than three calendar months' previous notice in writing of his intention so to do and on such day or within ——— days thereafter paying to the licensor all sums then due to him hereunder and a further sum equal to the aggregate of the royalties which (as calculated by the average yearly receipt hereunder of royalties for all the previous years) might become payable for the residue then to come of the said term (m) less however as to each yearly sum forming the said aggregate a discount therefrom by way of interest thereon at the rate of ——— per cent. per annum for the period between the time of commutation and the day when such yearly sum is to be deemed payable and the licensor shall at the expense of the licensee duly execute to him a release of the said royalties accordingly (n).

Patent mark to be used.

23 (o). The licensee shall place on some conspicuous part of

(i) The Average Clause.

(j) *Ante*, p. 216. This clause may be used where the licensee has to pay royalties on sales, but not otherwise. Where the sub-licensees may *manufacture*, it may be provided that articles when manufactured by them shall be deemed sold to them, so as to make royalties payable to the licensor by the licensee thereon. See last proviso to *Clause 1 of Licence IX.*, *post*, p. 274.

(k) In the absence of such a clause the royalties payable on sales by the licensee, will of course be also payable on sales by sub-licensees.

(l) *Ante*, p. 207.

(m) Where rent is reserved the commutation might be based on the aggregate of the future rent, or the above clause be used.

(n) This is a simple method of computing roughly the present worth of the supposed future royalties. A high percentage should be stated, partly as a set-off to some extent to the possible claim that compound interest should be calculated with half-yearly rests, *i.e.* if the royalties reserved are payable half-yearly.

(o) As to the use of the patent mark, see *ante*, pp. 210—212.

every article manufactured by him as soon as the same shall be completed a brass plate [or "label" or &c.] to be furnished by the licensor as and when required by the licensee bearing a mark (hereinafter called the patent mark) according to the form given in the margin hereof numbered in order of manufacture with one of the series of the numbers 101 102 103 &c. commencing with the first thereof and the licensee shall not part with the said article or keep the same in his possession without the patent mark so affixed thereto and shall not affix to or put on the said machine any other mark plate words or inscription whether having reference to the said invention or otherwise (except the name and address of the licensee) and shall on each half-yearly day aforesaid or within twenty-one days thereafter pay to the licensor for the said plates [or "labels" or &c.] so furnished in the half-year then ended at the rate of — shillings per dozen including the costs of carriage and delivery thereof.

24 (o). The licensee shall affix on every box packet bottle jar or other receptacle of or containing the said — as and when manufactured by him a label or plate bearing the proper patent mark and designation of the said invention which shall be furnished by the licensor as and when required by the licensee and shall not sell or part with the possession of any such — or the receptacle containing it without &c. [As in last clause, but perhaps stating different prices for the labels and plates.] Another form.

25 (p). The licensor shall at his own expense from time to time as and when reasonably required by the licensee but in respect only of — at least in number of such articles at any one time send some person to the works of the licensee for the purpose of affixing the said plates to such articles aforesaid produced by the licensee as shall not have the same affixed thereto respectively. Licensor to send person to manufactory to affix the patent marks.

26 (q). Every article manufactured under this licence shall be stamped by the licensees with such die as shall be furnished by the licensors for this purpose. And further every article manufactured under any other licence granted by the licensors in respect of the said invention to any other person or persons shall during the continuance of this licence as and when required by the licensors or any person authorized by them and if brought to the licensees for this purpose be stamped by them with the said die and the said articles so brought as aforesaid shall be properly stamped and ready for delivery within two days after the same shall have been brought to the licensees who as to each quantity brought in at one and the same time may charge for the stamping thereof at the following rates respectively namely at the rate of — shillings Stamping patent articles with a die.
Licensees also to stamp articles sent by other licensees.

(o) *Ibid.*
(p) *Ante*, p. 211.
(q) *Ibid.*

per dozen and so proportionately for any part of a dozen not being less than three or if more than six dozen shall be brought in then at the reduced rate of — shillings per dozen and so proportionately as aforesaid or if more than twelve dozen shall be brought in then at the further reduced rate of — shillings per dozen and so proportionately as aforesaid and all such charges made in any half-year aforesaid shall be debited to the licensors and be set off at the end of such half-year against the same amount of royalties payable by the licensee for that period as aforesaid (r). PROVIDED HOWEVER that every die so furnished as aforesaid shall remain the property of the licensors and be delivered up as and when required by them.

Charges to be debited to licensors.

Dies to be property of licensors.

Clause to be inserted in other licences for licensees to bring articles to licensees hereof to be stamped.

No amendment of specification by licensor without consent of licensee.

Covenant by licensor as to no prior licences, and not to use invention or grant other licences.

Covenant by licensee to manufacture only according to specification [or in default to pay royalties on articles made otherwise,

27 (s). Each licence hereafter granted by the licensors in respect of the said invention to any other person or persons than the licensees hereof shall contain a clause or provision by which the licensee or licensees thereunder shall be bound to bring to the licensees hereunder to be stamped in manner aforesaid all articles manufactured under such licence and to pay for such stamping at the rates at least and otherwise as hereinbefore provided.

28 (t). The licensor shall not at any time during the continuation of this licence amend the specification for the time being in force at the Patent Office of the said invention or any other patented invention then subject hereto without the written consent of the licensee but such consent shall not be arbitrarily withheld.

29 (u). The licensor hath not heretofore granted any licence for the use of the said invention within the said district and will not during the subsistence of this licence use the said invention or grant licences in respect thereof or authorize any person whomsoever to use the said invention within the said district.

30 (r). The licensee shall not during the continuance of this licence without the written consent of the licensor manufacture any article aforesaid without the application of the said invention as described in the specification thereof for the time being in force at the Patent Office [and in case he shall do so without such consent shall (but without prejudice to the right of the licensor in this respect under Clause — hereof to revoke this licence) pay to the licensor such sum or sums by way of royalty to the amount

(r) See Coryton, p. 534, note, where observed that patentees will thus be better able to check the accounts of the other licensees.

(s) *Ante*, p. 211.

(t) In general this clause will only be used for licences to manufacture, where the rights are to be exclusive or partially exclusive, or where premiums are to be paid. In a licence merely to sell the patent articles, the clause can hardly be required. As to this covenant, see *ante*, p. 202.

(u) For exclusive licences only. See *ante*, pp. 182, 199.

(v) *Ante*, pp. 202, 212.

or respective amounts and otherwise as aforesaid in respect of any article or articles manufactured by him contrary to this covenant as if the same had been manufactured in accordance therewith].

but without prejudice to power of revocation].

31 (*w*). The licensee shall not without the written consent of the licensor first had and obtained assign or mortgage charge [grant sub-licences in respect of (*x*)] or otherwise deal or part with the possession or control of this licence or attempt so to do [except by way of sub-licensing as next hereinafter provided (*y*)] [but such consent shall not be arbitrarily withheld].

Licensee not to assign, mortgage, &c., without consent.

32 (*z*). PROVIDED ALWAYS that it shall be lawful for the licensee to grant sub-licences hereunder which shall respectively be according to the terms (amongst others) mentioned in the Schedule hereto (*a*). PROVIDED ALSO that the licensee shall immediately after the grant by him of any sub-licence give the licensor written notice thereof stating the date of the sub-licence the name and address of the sub-licensee the nature of the privileges thereby granted the amount and times for payment of the royalties reserved thereunder the length of the term comprised therein and the locality in which the same is to be enjoyed and also showing that the sub-licence contains the terms hereinbefore provided in this behalf.

Express power to grant sub-licences [terms in Schedule]; but notice and particulars to be given.

33 (*b*). The licensee may grant sub-licences hereunder to manufacture and sell the said articles or only to sell the same but each sub-licence shall be expressed to take effect at once in possession and be granted to the sub-licensee personally only and not to his assigns and be at royalties only and not at any fine or premium and such royalties shall be made payable half-yearly or at shorter regular periods and be the highest that can reasonably be gotten and shall contain covenants by the sub-licensee to perform and observe the covenants and conditions in this licence as to the use of the patent mark the not disputing the validity of the letters patent and the manufacturing of articles only according to the specification and to keep and furnish regularly to the licensee in respect of articles manufactured or sold under the sub-licence accounts of a similar nature to the accounts hereinbefore covenanted to be kept and furnished and verify such accounts by statutory declaration and not to assign or incumber the sub-licence or attempt so to do without the written consent of the licensee (*c*) and shall also contain a proviso for revocation of the sub-licence on default being made for twenty-one days in the payment of royalties due thereunder or on the breach of the other covenants or conditions in the sub-licence

Another form (terms set out).

(*w*) *Ante*, pp. 202, 213, 214.

(*x*) Omit this reference to sub-licensing if an express power to sub-licence (see next two clauses) is to be given.

(*y*) Retain this matter if either of the next clauses is inserted.

(*z*) *Ante*, pp. 215, 216.

(*a*) In the next clause terms are set out.

(*b*) *Ante*, pp. 215, 216.

(*c*) Add any other covenants &c. suitable.

or on the bankruptcy of or committal of any act of bankruptcy (whether available for adjudication or not) by the sub-licensee and so that the sub-licensee shall execute and deliver a counterpart of his sub-licence and the licensee shall not without the written consent of the licensor release any of the covenants and conditions aforesaid to be performed or observed by the sub-licensee and shall give the licensor immediate notice in writing of any breach committed by the sub-licensee and shall if required by the licensor in writing so to do revoke the sub-licence on account thereof and in the event of the revocation thereof whether as aforesaid or otherwise of the said sub-licence shall not without the like consent grant any new or further sub-licence hereunder to the same sub-licensee: PROVIDED ALWAYS that the licensee shall immediately after the grant &c. [*Proviso as to giving notice and particulars of the grant of every sub-licence as in last clause.*]

Licensor not to grant other licences on terms more favourable than hereunder.

34 (d). The licensor shall not grant licences to use or vend the said invention or any part thereof at any place or places [outside the said district] to any other person or persons on terms more favourable to him or them than are granted to the licensees hereunder.

Liberty for licensor to inspect factory.

35 (e). The licensor and his agents shall be at liberty at all reasonable times during the continuance of this licence to enter any place of the licensee where the manufacture or sale of the said articles shall be carried on in order to ascertain the state or extent of such manufacture or sale and that all covenants by the licensee herein contained have been or are being performed or observed.

Licensee not to dispute validity of patent.

36 (f). The licensee shall not during the continuance of this licence nor at any time after the determination thereof dispute or object to the validity of the said letters patent or the novelty or utility of the said invention.

Licensor to pay fees or permit licensee to do so and deduct from royalties and to observe conditions of patent.

37 (g). The licensor shall during the continuance of this licence pay all fees necessary for the renewal of the said letters patent ——— days at least before the latest times appointed for the payment thereof respectively and when required by the licensee produce the certificate to him of any payment thereof or permit the licensee to pay any one or more of such fees and to deduct the amount of the same if and when so paid by him from the amount of royalties or other sums for the time being due hereunder and also generally perform and observe the conditions of the said letters patent.

Licensor to defend patent

38 (h). The licensor shall at all times during the continuance of

(d) *Clause 13, ante, p. 231, is a more extensive one to the same purpose as the above.*

(e) *Ante, pp. 202, 212.*

(f) *Ante, pp. 202, 216.*

(g) *Ante, pp. 199, 200.*

(h) *Ante, pp. 199—201.*

this licence at his own cost defend every proceeding for revocation of the said letters patent and at all times aforesaid at the request and cost of the licensee commence and prosecute all legal or other proceedings in respect of any infringement or suspected infringement of the said letters patent committed within the said district or permit the licensee at the like cost so to do in the name of the licensor.

and at cost of licensee to take proceedings for infringements or permit him &c.

39 (i). The licensee shall use his best endeavours to detect every suspected infringement of the said letters patent within the said district and shall give the licensor written notice thereof as soon as the licensee shall have suspected and also (if the case) ascertained the same and shall at the expense of the licensor as to actual disbursements (if any) made or liabilities (if any) incurred thereby assist him in any proceedings undertaken by him [unrequested by the licensee] in respect thereof as shall be reasonably required.

Licensee to detect infringements and give notice thereof and assist licensor in proceedings.

40. Either party may at any time determine this licence by serving the other with a written notice of his intention so to do three calendar months at least before the expiration of any half-year aforesaid and such service shall operate accordingly but without prejudice to the recovery by either party of any monies then already due or to any right of action for past breaches accrued hereunder.

Power for either party to determine licence on notice.

41 (j). If any royalties or other sums payable hereunder by the licensee or any part thereof respectively shall for any half-year be not paid within twenty-one days from the expiration thereof (whether demanded or not) or if the licensee shall make default in any other obligation by him herein contained and (in the case of a breach capable of being made good) shall for the space of ——— days after he shall have been served with a notice in writing by the licensor requiring him to make good the said breach neglect or omit so to do or if the licensee shall become bankrupt or commit any act of bankruptcy whether available for adjudication or not then the licensor at any time thereafter [and notwithstanding any merely implied waiver by him of his right so to do] may by serving the licensee or his trustee in bankruptcy (if any) with a notice in writing for this purpose forthwith revoke this licence without prejudice however to the recovery by the licensor of any monies then already due or to any right of action by or on behalf of either party for past breaches accrued hereunder.

Power of revocation on default in payments or breach of other obligations or bankruptcy &c. of licensee.

42. If the licensee shall not before the ——— day of ——— commence to manufacture the said articles as aforesaid or shall in any one complete year ending on the ——— day of ——— not

Another form (additional to last by referring

(i) *Ante*, pp. 202, 217.

(j) As to events on which the power may be reserved, see *ante*, pp. 218, 219.

to unprofitable working and ceasing to work).

work the said invention at a profit (*k*) or shall for a period of ——— calendar months consecutively or more practically discontinue working the same or shall in any half-year aforesaid not manufacture (*l*) ——— machines at least or if any royalties or other sums payable hereunder &c.

[*Continue as in last clause.*]

Power for licensee to determine licence if patent void.

43 (*m*). PROVIDED ALWAYS that if the said letters patent shall from any cause become wholly or as to some material part of the said invention void and incapable of being restored (notwithstanding that any judgment in revocation of the said letters patent to the extent aforesaid shall or shall not be appealed against) the licensee may at any time thereafter but not after any such judgment shall have been (if the case) reversed on appeal by notice in writing served on the licensor determine this licence forthwith without prejudice however to the recovery by the licensor of any royalties or other sums then already due to the licensor or to any right of action then already accrued to either party hereunder.

Mutual covenant as to improvements &c.

44. AND EACH of them the said parties hereto doth hereby covenant with the other of them that he will at the earliest opportunity either at his own place of business or by post (if suitable) or otherwise as shall be reasonably required during the continuance of this licence communicate and explain to the other of them free of charge except as to expenses out of pocket incurred thereby every improvement in or addition to the said invention or mode of applying the same or any discovery useful for the manufacture of the said articles that he may invent ascertain or make or otherwise be entitled to communicate and that every such improvement addition or discovery (whether the same shall be or become patented or not) shall during the continuance of this licence be for the use of both parties hereto [or their respective assigns] and if made invented or ascertained by the licensor shall for the purposes hereof be deemed part of the said invention (*n*).

Covenant by licensor as to improvements made by him.

45. The licensor shall at the earliest opportunity &c. communicate and explain to the licensees &c. [*as in last clause down to "entitled to communicate"*] and at the cost of the licensees as to journeys and other expenses (if any) out of pocket occasioned to him thereby communicate to them or their agents or workmen not exceeding ——— in number as and when reasonably required by the licensees the nature of such improvement addition or discovery

(*k*) That is to say, the payment of the royalties for any current year must not involve loss (*Kernot v. Potter*, 30 Beav. 343).

(*l*) Or "sell," but in that case not necessarily on account only of the royalties being reserved on sales, as the word "sell" would be appropriate even if the royalties were for manufactures.

(*m*) *Ante*, p. 219.

(*n*) On this clause, see p. 218, *ante*; and as to improvements generally, see Chapter on "Agreements," pp. 33—36, *ante*. See also *C. F.* 15, 16, *ante*, p. 52.

so as to enable them respectively to make full and effective use of the same and permit the licensees to have the use thereof (whether it shall be or become patented or not) subject as nearly as can be to the covenants and conditions herein contained as if such improvement addition or discovery were part of the premises (v).

46. At any time after the expiration of three years from the date and during the continuance hereof the licensee shall have the option (to be declared in writing) to purchase all the patent rights of the licensor for the United Kingdom and the Isle of Man in respect of the said invention now or which hereafter may be held by him and the sole and exclusive benefit within the same places of all improvements and additions thereto and new discoveries useful for the manufacture of the said articles which hereafter may be made by the licensor at the price of £—— subject to the satisfaction by the licensee up to the time of completion of the said purchase of all his then subsisting obligations hereunder. PROVIDED ALWAYS that if the said purchase shall from any cause not attributable to any wilful act or default of the licensor not be completed within three calendar months from the time when such declaration shall have been served on the licensor he shall on the expiration of the said period be released from any obligation to sell the said patent rights and benefit as aforesaid.

Option to purchase patent after three years;

but purchase to be completed within three months from exercise.

47. The licensor shall not within the said district during the continuance of this licence either alone or in partnership or directly or indirectly whether as shareholder or debenture holder or otherwise engage or be concerned in or promote any company trade business or speculation for the manufacture sale or letting on hire of articles of the same or like nature with any of the articles which can be manufactured or improved by means of the said invention (w).

Licensor not to engage in like business within district.

48. PROVIDED ALWAYS that during such time or times as the licensor shall himself either alone or in partnership carry on the business of a —— at —— aforesaid, and shall subject as hereinbefore provided efficiently execute the orders of the licensees for the supply of —— manufactured according to the said invention the licensees shall not manufacture the like articles whether as aforesaid or otherwise but the licensor shall manufacture such articles for the licensees at the price of £ —— each and while bound under this proviso shall not manufacture any such articles for any other person than the licensees or their nominees.

Licensee not to manufacture but licensor to do so for licensee.

49. Each person party hereto shall sell all products of his manufacture as aforesaid through Messieurs K. & L. of &c. or some

Sale only through brokers com-

(v) See also *C. F.* 15 and 16, *ante*, p. 52.

(w) See *Leather Cloth Co. v. Lonsont*, L. R. 9 Eq. 345, as to the restraint of trade caused by such a covenant not being greater than that caused by the patent itself, whereby the covenant was held not to be against public policy.

mon to both parties.
Meetings to regulate prices.

other brokers or broker at whose offices all persons parties hereto shall hold quarterly meetings for regulating the prices so as to avoid competition between themselves in the prices of the said products.

Exclusive licence to become non-exclusive if unprofitable working or nonuser of invention.

50. PROVIDED ALWAYS that if during the period of three consecutive calendar months commencing any time after the ——— day of ——— next the licensee together with his sub-licensees (if any) shall from any cause whatever cease practically to carry on the business of making and selling the said patented articles or if for any half-year aforesaid the said royalties shall amount to less than the sum of £——— (x) [the licensee however in that case being at liberty by paying to the licensor a sum sufficient to make up the said sum of £——— to avoid the consequences which would otherwise arise hereunder by reason of such deficiency] then this licence shall as from the expiration of such period or half-year as the case shall be cease to be exclusive as regards the licensee and accordingly the licensor may at any time or times thereafter without giving to the licensee any notice of his intention so to do grant licences to any other persons respectively for the use of the said invention within the said district upon such terms as he may think fit.

Notices—
how served.

51 (y). Any notice intended to be given or served hereunder may be given to or served on the licensee or licensor as the case may be personally or by leaving the same at his then or last known place of abode or business in the United Kingdom or by sending the same to such place through the post in a prepaid registered letter addressed to him and if served by post as aforesaid shall be deemed to have been served at the time when it would be delivered in the ordinary course of post and in proving such service last aforesaid it shall be sufficient to prove that such letter was put into the post; but if by reason of the absence of any party from the United Kingdom or otherwise he cannot receive or be served with any such notice as aforesaid the said notice if inserted by the other party once as an advertisement in each of the following newspapers namely &c. shall be deemed to have been effectually served on the second day after the day on which the last of such advertisements appeared.

Transmission clause.

52. Except where in any case the context requires a different interpretation the expression "the licensor" or "the licensee" (z) wheresoever used herein shall extend and be construed to apply also as far as possible to the assigns of the person so designated.

(x) Where there is a fixed rent the condition as to the minimum amount of royalties had better be omitted, as also the optional matter in brackets.

(y) For an addition to this in the case of a company, see *Clause 19 of Licence X., post*, p. 282.

(z) Add, where appropriate, "or any other expression referring to either of the same persons." See *ante*, pp. 185, 186, as to covenants binding assigns.

LICENCES.

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I.

LICENCE (*non-exclusive*) at Royalties only—[Where open contract] (a). PRER. I.

THIS INDENTURE made the — day of — 18— between A. B. of &c. (hereinafter called “the licensor”) of the one part and C. D. of &c. (hereinafter called “the licensee”) of the other part (b): WHEREAS by letters patent &c. [Grant of patent (c) and devolution (if any) of title]: AND WHEREAS the licensor has agreed to grant the licensee a licence to use the said invention [so far as relates to the manufacture of —] within the town or district of — in the county of — as hereinafter defined upon the terms hereinafter appearing. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement and in consideration of the royalties hereinafter reserved and the covenants on the part of the licensee hereinafter contained the licensor doth hereby grant unto the licensee [and his assigns (d)] full liberty licence power and authority within the district being — miles in radius from the front of the town hall of the town of — in the county of — to make use exercise and vend (e) the said invention [so far as the same shall be applicable to the manufacture of —]: To HAVE HOLD exercise and enjoy the said licence and premises unto and by the licensee [and his assigns (f)] for and during all the residue now to come and unexpired of the said term of fourteen years and during any further term for which the said letters patent may be prolonged [(g) YIELDING AND PAYING unto the licensor half-yearly on every — day of — and — day of — for every — manufactured by the licensee [or his assigns] hereunder in the half-years then ending respectively the royalty of —]:

Recitals.
Grant of patent.
Devolution of title.
Agreement to licence.
Grant.

Reddendum.

(a) The only terms of the contract are to be supposed to be as to the amount of royalties payable half-yearly, the locality, and the duration of the licence. See *ante*, p. 195.

(b) As to recitals in a licence, see *ante*, p. 191.

(c) See *C. F.* 2, 3, 4, *ante*, pp. 49, 50.

(d) If the contract does not extend to the assigns, omit the words in brackets. See *ante*, pp. 184, 185.

(e) The word “manufacture,” if used with reference to the patent articles, will include the sale of them. (*Thomas v. Hunt*, 17 C. B. N. S. 183, and *ante*, p. 194.)

(f) See note (d), *supra*.

(g) As to the insertion of the reddendum, see *ante*, p. 194.

PREC. I. Covenants.	<p>AND THE LICENSEE doth hereby covenant with the licensor and his assigns that he the licensee [or his assigns] will during the term hereby granted pay to the licensor or his assigns ^(h) half-yearly on every _____ day of _____ and _____ day of _____ for every _____ manufactured by the licensee [or his assigns] hereunder in the half-years then ending respectively the royalty of _____ : AND ALSO ⁽ⁱ⁾ that he [or his assigns] will during the said term keep at his [or their] usual place [or places] of business all proper books of account and make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for the purposes hereof of all transactions relating to the manufacture [or sale ^(j)] of _____ manufactured by him [or his assigns] hereunder and produce the said books to the licensor or his assigns or his or their agent or agents at all reasonable times for inspection and the taking copies or extracts therefrom and will at his [or their] own expense obtain and give to him or them all such information as to any item or matter contained or which ought to be contained therein as shall be reasonably required : AND ALSO that he [or his assigns] will at the end of each half-year aforesaid deliver or send to the licensor or his assigns a statement in writing of the particulars of the manufacture in such half-year of the said articles and the amount of royalties payable in respect thereof as aforesaid ^(k).</p> <p>IN WITNESS &c. ^(l).</p>
To pay royalties.	
To keep account books &c.	
Production and inspection of books.	
Delivery of accounts.	

^(h) If the *reddendum* is inserted this covenant need only be "to pay to the licensor or his assigns the said royalties at the respective times aforesaid."

⁽ⁱ⁾ As to keeping accounts, inspection, &c., see *ante*, p. 210.

^(j) Entries of the sales will serve as a check to those of the manufacture.

^(k) Where the contract is more than an open one of the simplest kind (*ante*, p. 195), so as to extend to improvements, &c., and to a power of revocation by the licensor, use *Sp. Cl.* 41 and 44, *ante*, pp. 239, 240. Liberty for the licensee to determine the licence is unnecessary to be given, as he need only discontinue the use of the invention (*ante*, p. 219).

^(l) The licence should be registered (*ante*, pp. 23, 24, and sect. 23 of the Act of 1883, *post*, p. 313, Appendix).

Improvements &c.
(mutual covenants).
Power of
revocation.

II.

LICENCE (*non-exclusive*) at *Royalties only* [*Where full contract*](a). PART. II.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the licensor") of the one part and C. D. of &c. of the other part [*Recite as in last Precedent*]. NOW THIS INDENTURE WITNESSETH that in pursuance &c. [*Continue to the end of the Habendum in last Precedent, and take in the Reddendum if thought fit*]: AND THE LICENSOR doth hereby covenant with the licensee [and his assigns] that notwithstanding anything by him the licensor done omitted or knowingly suffered the said letters patent are now valid and subsisting and not void or voidable and that notwithstanding as aforesaid he the licensor now hath power to grant the premises in manner aforesaid: AND THE LICENSEE doth hereby covenant &c. [*Covenants to pay royalties, keep &c. accounts and allow inspection &c. as in last Precedent, adding as follows*]: And will if and when required by the licensor or his assigns but at the expense of the licensee [or his assigns] verify or procure some fitting person in his [or their] employ to verify the said statement or any part or parts thereof by statutory declaration: AND ALSO (b) will place on some conspicuous part of every article manufactured by him [or his assigns] as aforesaid as soon as the same shall be completed a metal plate [or "label" or &c.] furnished by the licensor or his assigns as and when required by the licensee [or his assigns] bearing some number showing the order of manufacture and also having an inscription or mark of the kind shown in the margin hereof or such other inscription or mark as the licensor or his assigns may think fit to adopt and will not retain or sell or part with the possession of any such article without the said plate [or "label" or &c.] being placed thereon as aforesaid: AND ALSO will on each half-yearly day aforesaid or within twenty-one days thereafter pay to the licensor or his assigns for the said plates [or "labels" or &c.] so furnished in the half-year then ended as aforesaid at the rate of — shillings per dozen including the cost of carriage and delivery

Recitals.

1st Testatum.

Grant.

Covenants.
Validity of patent and right to grant.

Covenants by licensee.
To pay royalties.

To keep and deliver accounts and allow inspection of books.

To verify statements of account.

To use the patent mark on articles.

(a) As to this form of licence, see "List of Ordinary Covenants," *ante*, p. 223, and the references there to the pages of the text.

(b) For other clauses relating to the use of a patent mark, see *Sp. Cl.* 23—27, *ante*, pp. 234—6. See also *ante*, pp. 210, 211.

PREC. II.	thereof: AND ALSO (c) that [neither] the licensee [nor his assigns]
To manufacture only according to the specification.	will [not] during the continuance of this licence without the written consent of the licensor or his assigns manufacture any article aforesaid without the application of the said invention as described in the specification thereof for the time being in force at the Patent Office [and in case he [or his assigns] shall do so without such consent will pay to the licensor or his assigns such sum or sums by way of royalty to the amount or respective amounts and otherwise as aforesaid in respect of any article or articles manufactured by him [or them] contrary to this covenant as if the same had been manufactured in accordance therewith]:
Licensor may inspect factory.	AND ALSO (d) that the licensor or his assigns or his or their agents shall be at liberty at all reasonable times during the continuance of this licence to enter any place of the licensee [or his assigns] where the manufacture or sale of the said articles shall be carried on in order to ascertain the state or extent of such manufacture or sale and that all covenants by the licensee herein contained have been or are being duly performed or observed:
No assignment charge &c. of the licence or grant of sub-licences.	AND ALSO (e) that [neither] the licensee [nor his assigns] will [not] without the written consent of the licensor or his assigns first had and obtained assign or mortgage charge or grant sub-licences in respect of or otherwise deal or part with the possession or control of this licence or attempt so to do [but such consent shall not be arbitrarily withheld]:
Not to dispute validity of patent.	AND ALSO (f) that [neither] the licensee [nor his assigns] will [not] during the continuance of this licence nor at any time after the determination thereof dispute or object to the validity of the said letters patent or the novelty or utility of the said invention:
To detect infringements and assist licensor in proceedings.	AND ALSO (g) that the licensee [or his assigns] will use his [or their] best endeavours to detect every suspected infringement of the said letters patent within the said district and will give the licensor or his assigns written notice thereof as soon as the licensee [or his assigns] shall have suspected and also (if the case) ascertained the same and will at the expense of the licensor or his assigns as to actual disbursements (if any) made or liabilities (if any) incurred thereby assist him or them in any proceedings undertaken by him or them in respect thereof as shall be reasonably required:
Power for licensor to revoke on notice.	AND IT IS HEREBY DECLARED (h) that the licensor or his assigns shall be at liberty at any time after the _____ day of _____

(c) As to this covenant, see *ante*, p. 212.

(d) *Ante*, p. 212.

(e) As to this covenant, see *ante*, pp. 213, 214; and as to an express power to grant sub-licences, see *ante*, p. 215. For precedents of an assignment and a mortgage of a licence, to which the licensor is a party, see *Assignment X.* and *Mortgage IV.*, *ante*, pp. 163, 177; and in connection therewith respectively, see the remarks at pp. 128, 131, *ante*.

(f) *Ante*, p. 216.

(g) See *ante*, p. 217, as to this covenant, and also note to *Sp. Cl.* 39, *ante*, p. 239.

(h) As to the revocation of a licence, see *ante*, pp. 218, 219. For the form of a proviso or covenant for revocation on bankruptcy or breach of covenants, see *Sp. Cl.* 41, *ante*, p. 239.

18— to serve the licensee [or his assigns] with a written notice to revoke this licence which accordingly shall stand and be revoked at the expiration of _____ weeks from the date of such service but without prejudice to the payment of any royalties or other sums due hereunder up to the time of revocation: AND EACH of them the said parties hereto (i) doth hereby covenant with the other of them that he [or his assigns] will at the earliest opportunity either at his [or their] own place [or respective places] of business or by post (if suitable) or otherwise as shall be reasonably required during the continuance of this licence communicate and explain to the other of them [or his assigns] free of charge except as to expenses out of pocket incurred thereby any improvement in or addition to the said invention or mode of applying the same or any discovery useful for the manufacture of the said articles that he [or they] may invent ascertain or make or otherwise be enabled to communicate and that every such improvement addition or discovery (whether the same shall be or become patented or not) shall during the continuance of this licence be for the use of both parties hereto [or their respective assigns] and if made invented or ascertained by the licensor [or his assigns] shall for the purposes hereof be deemed part of the said invention.

PART II.

Mutual
covenant as to
improve-
ments.

IN WITNESS &c. (j).

(i) As to this covenant, see *ante*, p. 218. Compare this covenant with *Forms* 15 and 16, *ante*, p. 52. As to the insertion of some covenant of the kind in most instruments, see *ante*, pp. 33—35 (Chapter on "Agreements").

(j) The licence should be registered. See note (l) to last precedent. For a declaration as to service of notices, use *Sp. Cl.* 51, *ante*, p. 242.

III.

PRÆC. III.

LICENCE (*exclusive*) at Rent and Royalties (*a*).

Recitals.
Grant.

Reddendum.
Covenants as
to validity of
patent and
power to
grant.
Licensee's
covenants.
To pay
royalties,
and rent.
Average
clause.

THIS INDENTURE made &c. BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part [*Recite as in Licence I., ante, but use the expression "sole and exclusive licence"*]. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement and in consideration of the royalties and rent hereinafter reserved and the obligations of the licensee hereinafter contained the licensor doth hereby grant unto the licensee and his assigns (*b*) the full sole and exclusive liberty right licence power and authority within the town of ——— in the county of ——— to a radius of ——— miles from the front of the town hall thereof to use exercise and vend the said invention: To HAVE HOLD exercise and enjoy the said premises unto and by the licensee and his assigns for and during the residue now to come and unexpired of the said term of fourteen years and during any further term for which the said letters patent may be prolonged [YIELDING AND PAYING &c. (*c*)]: AND THE LICENSOR doth hereby covenant &c. [*Qualified covenants as to validity of patent and power to grant, as in last Precedent*]: AND THE LICENSEE doth hereby covenant with the licensor &c. [*Covenant for payment of royalties as in Licence I., but importing "assigns" and continuing as follows*]: AND ALSO such further sum (if any) as together with the said royalties shall amount to the sum of £A (hereinafter called "the rent") [that is to say a sum equal to the amount of royalties on ——— of the said articles (*d*)]: PROVIDED ALWAYS that if the rent for any half-year shall exceed the total amount of royalties due therefor the licensee or his assigns shall be entitled for any one or more succeeding half-years (so far as necessary for the purpose) for which respectively the total amount of royalties due shall exceed the rent

(a) As to this form of licence, see "List of Ordinary Covenants," *ante*, p. 223, and the references there to the pages of the text.

(b) As to the use of the word "assigns" in a licence, see *ante*, pp. 185, 193.

(c) As to the insertion of the reddendum, see *ante*, p. 194.

(d) The matter in brackets is objectionable on the ground that some discrepancy might, by the mention of the wrong number of articles, arise between it and the statement as to the amount of royalty. Its insertion, on the other hand, is no doubt convenient.

to a remission of so much of the latter excess as will make up to him or them the excess of payment made in the half-year for which the rent shall have exceeded the royalties due therefor as aforesaid: AND THE LICENSEE doth hereby also covenant with the licensor &c. [*Covenants as to keeping furnishing and verifying accounts and allowing inspection of books, the use of the patent mark, manufacture only according to the specification, and liberty to inspect the factory, as in last Precedent*]: AND ALSO that neither the licensee nor his assigns will without the written consent of the licensor or his assigns first had and obtained assign or mortgage charge [grant sub-licences in respect of (e)] or otherwise deal or part with the possession or control of this licence, or attempt so to do [except by way of sub-licensing as next hereinafter provided] but such consent shall not be arbitrarily withheld: [PROVIDED ALWAYS that it shall be lawful for the licensee and his assigns to grant sub-licences hereunder which shall respectively be according to the terms (amongst others) mentioned in the schedule hereto (f): PROVIDED ALSO that the licensee or his assigns shall immediately after the grant by him or them of any sub-licence give the licensor or his assigns written notice thereof stating the date thereof the name and address of the sub-licencee the nature of the privileges thereby granted the amount and times for payment of the royalties reserved thereunder the length of the term comprised therein and the locality in which the same is to be enjoyed and also showing that the sub-licence contains the terms hereinbefore provided in this behalf]: AND THE LICENSEE doth hereby also covenant with the licensor that neither he the licensee nor his assigns will during the continuance of this licence &c. [*Covenants as to not disputing the validity of the patent and to detect infringements and assist licensor, as in last Precedent saying "undertaken (unrequested by the licensee or his assigns)"*]: AND THE LICENSOR doth hereby covenant with the licensee that he the licensor or his assigns will during the continuance of this licence pay all fees necessary for the renewal of the said letters patent ——— days at least before the latest times appointed for the payment thereof respectively and when required by the licensee or his assigns produce the certificate to him or them of any payment thereof or permit the licensee or his assigns to pay any one or more of such fees and to deduct the amount of the same if and when so paid by him or them from the amount of royalties or other sums for the time being due hereunder and also generally perform or observe the conditions of the said letters patent (g): AND ALSO that the licensor or his assigns will at all times during the continuance of this licence at his or their own

PART. III.

Accounts.

Use of patent mark.

Manufacture according to specification.

Liberty to inspect factory.

No assignment &c. without consent.

Proviso giving power to grant sub-licences, but notice and particulars to be given.

Not to dispute validity of patent and to detect infringements and assist licensor in proceedings.

Licensor's further covenants.

To pay fees and observe conditions of patent.

To defend proceedings for revoca-

(e) Omit this reference to sub-licensing if the next later matter in brackets is to be inserted. See pp. 213, 214, *ante*, and *Sp. Cl. 33*, p. 237, *ante*, as to the above covenant, and the insertion of an express power to grant sub-licences.

(f) As to this and the following proviso, and the terms usually prescribed, see *ante*, pp. 214, 215. Where these terms are to be set out in the body of the licence, use *Sp. Cl. 33*, *ante*, p. 237.

(g) As to this covenant, see *ante*, pp. 199, 200.

PART. III.

tion and at
cost of licen-
see to take
proceedings
for infringe-
ment or per-
mit him &c.

Not to amend
specification.

That no other
licences
within dis-
trict are sub-
sisting.

Not to use
&c. invention
in district.

Mutual cove-
nant as to
improvements
&c.

Proviso for
revocation by
licensor on
default in
payment or
breaches &c.

Proviso for
determination
of licence if
patent void.

cost defend every proceeding for the revocation of the said letters patent and at all times aforesaid at the request and cost of the licensee or his assigns commence and prosecute all legal or other proceedings in respect of any infringement or suspected infringement of the said letters patent committed within the said district or permit the licensee or his assigns at the like cost so to do in the name of the licensor or his assigns (*h*): AND THAT neither the licensor nor his assigns will at any time during the continuance of this licence amend the specification for the time being in force at the Patent Office of the said invention without the written consent of the licensee or his assigns but such consent shall not be arbitrarily withheld: AND THAT he the licensor hath not heretofore granted any licence for use of the said invention within the said district: AND THAT neither the licensor nor his assigns will during the subsistence of this licence use the said invention or grant licences in respect thereof or authorize any person whomsoever to use the said invention within the said district: AND EACH of them the said parties hereto doth hereby covenant with the other of them that &c. [*Mutual covenant as to improvements &c. as in last Precedent*]: PROVIDED ALWAYS that if any royalties or other sums payable hereunder by the licensee or his assigns or any part thereof respectively shall for any half-year aforesaid be not paid within twenty-one days from the expiration thereof (whether demanded or not) or if the licensee or his assigns shall make default in any other obligation by him herein contained and (in the case of a breach capable of being made good) shall for the space of ——— days after he shall have been served with a notice in writing by the licensor or his assigns to make good the said breach neglect or omit so to do or if the licensee or his assigns shall become bankrupt or commit any act of bankruptcy whether available for adjudication or not then the licensor or his assigns at any time thereafter and notwithstanding any merely implied waiver by him or them of his or their right so to do may by serving the licensee or his assigns or his or their trustees in bankruptcy (if any) with a notice in writing for this purpose forthwith revoke this licence without prejudice however to the recovery by the licensor or his assigns of any moneys then already due or to any right of action by or on behalf of either party or his assigns for past breaches accrued hereunder (*i*): PROVIDED ALSO that if the said letters patent shall from any cause become wholly or as to some material part of the said invention void and incapable of being restored (notwithstanding that any judgment in revocation of the said letters patent to the extent aforesaid shall or shall not be appealed against) (*j*) the licensee or his assigns may at any

(*h*) As to payment of royalties to trustees during the proceedings, see *Sp. Cl. 19, ante*, p. 233.

(*i*) As to the revocation of a licence, see *ante*, pp. 218, 219.

(*j*) If the royalties are to be paid to trustees during the proceedings the matter in brackets should be omitted. See *ante*, p. 206, and *Sp. Cl. 19, ante*, p. 233.

time thereafter by notice in writing served on the licensor or his assigns determine this licence forthwith without prejudice however to the recovery by the licensor or his assigns of any royalties or other sums then already due to the licensor or his assigns hereunder or to any right of action then already accrued to either party or his assigns hereunder (*k*): AND THE LICENSOR hereby acknowledges the right of the licensee and his assigns to the production of the said letters patent and any other letters patent in prolongation thereof and to the delivery and right to take copies of the same and hereby undertakes for the safe custody thereof respectively.

PREC. III.

Acknowledgment &c. as to the letters patent.

IN WITNESS &c. (*l*).

THE SCHEDULE.

(*k*) As to this proviso, see *ante*, pp. 219, 220.

(*l*) The licence should be registered. See note (*l*) to *Licence I.*, *ante*. For a declaration as to service of notices, use *Sp. Cl. 51*, *ante*, p. 242.

IV.

PRÆC. IV. **LICENCE** (*exclusive*) at **RENT** and **ROYALTIES** to manufacture and sell **Chemicals**—**FOREIGN CONCESSION** held by **Licensor** to get the **RAW MATERIAL**—**Licensor** to supply **Licensee** with the material at prices—**ANALYSES** OF **CARGOES** by **Chemists**—**No rent payable when supply insufficient** (a).

[**AGREEMENT IX.** carried out.]

Recitals.

Grant of patent and devolution of title.

Foreign concession to obtain raw material, for manufacturing the patent chemicals.

Licensee established in business.

Agreement to grant exclusive licence.

1st Testatum.

Grant of exclusive licence for district.

THIS INDENTURE made the ——— day of &c.: **BETWEEN** A. B. of &c. (hereinafter called "the licensor") of the one part and C. D. of &c. of the other part: **WHEREAS** by letters patent &c. [*Grant of patent, and devolution (if any) of title*]: **AND WHEREAS** by an instrument in writing or acte d'autorité dated &c. under the seals of &c. (hereinafter called "the said concession") the said A. B. has obtained &c. [*Recite as in Agreement IX. at p. 84, ante*]: **AND WHEREAS** the said [*raw material*] is the principal &c. [*Recite as in Agreement IX. at p. 84, ante*]: **AND WHEREAS** the said C. D. is established at ——— aforesaid as a manufacturer of chemicals of various kinds: **AND WHEREAS** the licensor has agreed to grant the licensee a sole and exclusive licence to manufacture chemicals according to the said invention within the counties of &c. &c. upon the terms hereinafter appearing and to supply him with the [*raw material*] in certain minimum quantities from time to time upon the terms hereinafter expressed: **AND WHEREAS** in view of the grant of this licence the licensee hath already purchased from the licensor a considerable quantity of the said [*raw material*]. **NOW THIS INDENTURE WITNESSETH** that in pursuance of the said agreement in this behalf and in consideration of the royalties and rent hereinafter reserved and the covenants and agreements on the part of the licensee hereinafter contained the licensor doth hereby grant unto the licensee and his assigns the full sole and exclusive liberty right licence power and authority within the said counties of &c. &c. [hereinafter called "the said district"] to manufacture chemicals according to the said invention and also to

(a) As to the covenants, &c., in an exclusive licence at rent and royalties, see *List, ante*, pp. 223-5, and the references there to the pages of the text.

sell (b) the chemicals so manufactured: To HAVE HOLD exercise and enjoy the said licence and premises unto and by the licensee and his assigns for and during all the residue now to come and unexpired of the said term of fourteen years granted by the said letters patent and during any further term for which the said letters patent may be prolonged: AND THE LICENSOR doth hereby covenant with the licensee &c. [*Covenants as to validity of patent and right to grant as in Licence II., ante*]: AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises it is agreed and declared as follows (c):—

PASO. IV.

Covenants as to validity of patent and right to grant.

2nd Testatum. Covenants.

1. The licensee shall during the continuance of this licence pay to the licensor half-yearly on every _____ day of _____ and _____ day of _____ royalties at the rate of _____ shillings per pound on all chemicals manufactured by the licensee hereunder in the half-years then ending respectively and also such further sum (if any) as together with the said royalties shall amount to the sum of £A (hereinafter called "the rent") [that is to say a sum equal to the amount of royalties on _____ lbs. of the said chemicals (d)].

Royalties up to a minimum on chemicals manufactured.

2. PROVIDED ALWAYS that if the rent for any half-year shall exceed the total amount of royalties due therefor the licensee shall be entitled for any one or more succeeding half-year (so far as necessary for the purpose) for which respectively the total amount of royalties due shall exceed the rent to a remission of so much of the latter excess as will make up to him the excess of payment made in the half-year for which the rent shall have exceeded the royalties due therefor as aforesaid.

Average clause.

3. PROVIDED ALSO that in the event of the said concession becoming determined or the supply of material from the said Island of _____ within the limits aforesaid becoming exhausted or any other event whereby the licensor shall in any one half-year become unable to and in fact not supply to the licensee the said material to the amount of A tons at least as hereinafter provided the rent shall not become payable for such half-year but this proviso shall not affect the obligation of the licensee to pay royalties on the amount of chemicals in the same period actually manufactured by him subject to the operation of Clause 2 hereof (e).

Proviso as to non-payment of rent for any half-year if insufficient supply of material.

4. The licensor shall for every half-year during the continuance of this licence (the first whereof however commencing on the

Licensor to supply licensee half-

(b) "To manufacture" includes "to sell." See *Thomas v. Hunt*, 17 C. B. N. S. 183, and *ante*, p. 194.

(c) The system of clauses is adopted in this and the following precedents of licences, as being most suitable to what may be called the informal part of the deed, as distinguished from that part of it which contains the actual licence and the covenants for title. The words "agreed and declared" stamp the provisions as covenants (E. N. & C. 415, 426); and, where it is stated that a person is to do a thing, he alone is bound to do it (*ibid.* 426).

(d) See note (d) to last Precedent.

(e) The licensee may, by Clause 6, obtain material elsewhere, if and while he is insufficiently supplied by the licensor.

Pnc. IV.

yearly with
minimum
weight of
raw material
at fixed prices
according to
percentage of
— acid.

— day of — (f)) supply to the licensee and the licensee shall purchase from him A tons of the said material containing c per cent. at least of — acid and at the option of the licensee a further amount not exceeding — tons of the said material containing the like minimum percentage of — acid and the licensee shall pay for the different kinds of such material the following prices namely for such quantity thereof as after analysis shall be found to contain not less than A per cent. of — acid the price of £— per ton and for such quantity thereof as shall be found as aforesaid to contain B per cent. and not less than c per cent. of — acid a price per ton in the same proportion to the said sum of £— as such lesser percentage of — acid shall bear to the B percentage and all quantities of the said material so purchased if coming from the said Island or elsewhere abroad shall be delivered to the licensee free exship in the river Thames or other place of arrival from abroad and the said prices shall be payable at the end of the respective half-years in which the same shall be purchased.

Analysis of
material by
chemists.

5. Any difference at any time between the parties as to the percentage of — acid in the different quantities of material so to be purchased shall be referred to the arbitration of some competent and well-known chemist in Great Britain or of two such chemists one to be appointed by each party hereto and Clause 23 hereof shall with the necessary modifications be applicable to any such reference.

Licensee not
to sell &c.
material ex-
cept in form
of chemicals
or purchase
other mate-
rial elsewhere
unless licensor
fail to supply
him.

6. The licensee shall not during the continuance of this licence without the written consent of the licensor sell or otherwise dispose of any such material supplied by or through the licensor except in the form of chemicals manufactured according to the specification of the said invention nor (so long as the licensor shall be able and willing to supply him therewith) purchase or acquire from any other person or persons any material aforesaid or other like material.

Books and
accounts kept,
inspection &c.
and accounts
delivered &c.

7. The licensee shall keep at his usual place of business all proper books of account and make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for any of the purposes hereof of all transactions relating to the manufacture by him of chemicals under this licence and of the like chemicals sold by him hereunder and shall produce the said books to the licensor &c. [*Production and inspection of books, and delivery of accounts as in Licence I., omitting reference to "assigns"*]. And will if and when required by the licensor but at the expense &c. [*Verification of statement as in Licence II., ante*].

Use of patent
mark.

8 (g). The licensee shall affix on every box packet bottle jar or other receptacle of or containing the said chemicals as and when

(f) This might conveniently be six calendar months after date, the licensee being already supplied with material.

(g) For other clauses relating to a patent mark or die, see *Sp. Cl.* 23—27, *ante*, pp. 234—6.

manufactured by him a label or plate bearing the proper patent mark and designation of the said invention which shall be furnished by the licensor (*h*) as and when required by the licensee and shall not sell or part with the possession of any chemicals aforesaid or the receptacle containing them without such mark and designation being so affixed and shall on each half-yearly day aforesaid pay to the licensor for the said labels and plates so furnished in the half-year then ended as aforesaid at the rate of ——— shillings per gross of labels and ——— shillings per dozen of plates aforesaid.

PREC. IV.

9. The licensee shall not during the continuance hereof without the written consent of the licensor manufacture any chemicals aforesaid (from whatever source supplied to him) without the application of the said invention as described in the accepted specification thereof for the time being in force at the Patent Office. And in case he shall do so without such consent shall but without prejudice &c. [*As in Sp. Cl. 30, ante, p. 236, using the term "chemicals" instead of "articles"*].

To manufacture according to specification.

[*For Clause 10, as to inspection of factory, use Licence II.; for Clause 11, as to non-assignment, &c., with the proviso giving power to sub-license, and the proviso as to notice, &c., use last Precedent; for Clauses 12 and 13, as to not disputing the validity of the patent, and detecting infringements and assisting licensor, &c., use Licence II. [but, as to "assistance," with the qualification as in Licence III.]; and for Clauses 14—18, as to payment of fees and observance of conditions of patent, defence in proceedings for revocation and taking, &c. proceedings for infringements, non-amendment of specification, no other licences subsisting, and non-user, &c. of invention within district, use the last Precedent.*]

CLAUSES
10—18.

19. Each of the parties hereto shall during the continuance of this licence at the earliest opportunity either at his own place of business or by post (if suitable) or otherwise as shall be reasonably required communicate and explain &c. [*Mutual covenant as to improvements, &c., as in Licence II., ante, p. 249.*]

Each party to have benefit of improvements made by the other.

20. If any royalties or other sums payable hereunder by the licensee or any part thereof respectively shall remain unpaid for twenty-one days after the time hereinbefore appointed for payment thereof (whether demanded or not) or if the licensee shall &c. [*Use last Precedent.*]

Power of revocation on breach of covenants or bankruptcy of licensee.

21. If the said letters patent shall from any cause become wholly or as to some material part of the said invention void and incapable of being restored (notwithstanding that any judgment in revocation of the said letters patent to the extent aforesaid shall or shall not be appealed against) (*i*) or if the licensor shall in any

Power of licensee to determine licence if patent become void or breaches by licensor.

(*h*) Or refer to the patent mark, &c., as being "of the kind designated in the margin hereof."

(*i*) If a provision be inserted that during any proceedings for revocation, or pending any appeal from the judgment thereon, the payment of royalties shall be suspended or made to trustees (see *ante*, pp. 205, 206, and *Sp. Cl. 18* and *19, ante*, p. 233) the above matter in brackets should be omitted.

PREC. IV. half-year make default in supplying the licensee with the full minimum quantity of ——— tons of the said material as aforesaid the licensee may by notice in writing served on the licensor to operate at once in the former event and at the expiration of two calendar months from the end of such half-year in the latter event determine this licence but such determination shall be without prejudice to the recovery by either party of any monies then already due or right of action accrued hereunder.

Acknowledg-
ment &c. as
to the letters
patent.

Arbitration
clause.

Transmission
clause.

22. The licensor hereby acknowledges the right of the licensee to production &c. [*As in last Precedent, but omitting reference to "assigns"*].

23. If any difference shall arise between the parties hereto in respect of &c. [*Arbitration Clause, Form 24, ante, p. 55*].

24. Except where in any case the context &c. [*Transmission Clause, Form 25, ante, p. 56, using the terms "licensor" and "licensee"*].

IN WITNESS, &c. (j).

[THE SCHEDULE.]

(j) The licence should be registered. See note (l) to *Licence I.*, ante. For a clause as to service of notices, use *Sp. Cl. 51*, ante, p. 242.

V.

PRÆC. V.

LICENCE (*exclusive*) to SELL the patent articles—*Licensor both French and British patentee—Licensor from French factory or his British manufacturing licensees to supply articles monthly at prices (a).*

[AGREEMENT X. carried out.]

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the licensor") of the one part and C. D. of &c. (hereinafter called "the licensee") of the other part: *WHEREAS* *Recitals.*
the licensor is entitled to a Brevet d'Invention dated &c. and *French patent.*
numbered &c. granted to him for the sole and exclusive privilege of using and vending within the Republic of France a certain invention described as &c. for the term of fifteen years from the ——— day of ———: AND WHEREAS the licensee at his own *British patent taken out in joint names,*
expense in part pursuance of an agreement with the licensor obtained in the joint names of himself and the licensor letters patent dated &c. numbered &c. for the use of the said invention within the United Kingdom and the Isle of Man for the term of fourteen years: AND WHEREAS by an indenture dated &c. and *and then vested in licensor subject to covenant to grant this licence.*
made between the licensee of the one part and the licensor of the other part the licensee in further pursuance of the same agreement and in consideration of the covenant by the licensor therein contained to grant the licence hereinafter contained duly released and assigned to the licensor all his interest in the said letters patent: AND WHEREAS the licensor is established at ——— in the *Licensor established in France as manufacturer.*
department of ——— aforesaid in the business of manufacturing articles according to the said invention: AND WHEREAS in further pursuance of the same agreement the licensee hath purchased from the licensor 500 of the said articles at the price of £———. NOW THIS INDENTURE WITNESSETH that in pursuance *1st Testatum.*
of the said covenant in this behalf and in consideration of the *Grant of exclusive licence in the United Kingdom to sell the patent articles.*
premises and also of the obligations on the part of the licensee hereinafter contained the licensor doth hereby grant unto the licensee and his assigns the full sole and exclusive liberty right licence power and authority within the United Kingdom and Isle of Man to sell [*articles*] manufactured according to the specification

(a) See p. 221, as to licences merely to sell the patent articles.

PREC. V.

Qualified covenants as to validity and right to grant.

2nd Testatum. Agreement and declaration.

Licensor to supply and licensee purchase minimum number of articles monthly at prices in Schedule.

Licensor to supply further number if required at like prices—but time allowed for large orders.

Licensor not to grant other licences to sell nor (except on condition of not supplying others than this licensee) to manufacture within United Kingdom.

of the said invention or of any improvement thereof which shall be supplied to the licensee or his assigns by the licensor or his assigns or otherwise as hereinafter mentioned: To HAVE HOLD exercise and enjoy the said licence and premises unto and by the licensee and his assigns for and during all the residue now to come and unexpired of the said term of fourteen years granted by the said letters patent and any further term for which the said letters patent may be prolonged: AND THE LICENSOR doth hereby covenant with the licensee &c. [*Qualified covenants as to validity of patent and right to grant as in Licence II., ante*]. AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said covenant in this behalf and in consideration of the premises it is agreed and declared as follows:—

1. The licensor shall at or shortly before the end of each calendar month during the continuance of this licence (the first whereof commencing on the ——— day of ——— next) supply to the licensee or his nominees who shall accordingly purchase from him ——— in number at least of each of the five classes of [*articles*] which can be manufactured according to the said invention or any improvement thereof at the prices respectively mentioned in the schedule hereto according to the variations in price for the time being of [*raw material*] and the cotton or textile fabric out of which their covers are made which shall be payable by drafts or bills of ——— days after the delivery (as hereinafter defined) of the said articles respectively.

2. The licensor shall at all times during the continuance of the licence supply the licensee or his nominees with any further number of the said articles than as aforesaid not exceeding altogether ——— of any class or classes per calendar month as and when required by the licensee or his nominees at the respective prices and with the like mode of payment as aforesaid: PROVIDED ALWAYS that the licensee or (as the case may be) his nominee or nominees shall in every case under this clause allow the licensor or person or persons authorized by him to supply the same ——— days at least for the execution of any order which shall be for more than ——— articles altogether of any class or classes and shall also allow an interval of ——— days at least for the execution of two consecutive orders each of which may be for more than the same number of articles.

3. The licensor shall not during the subsistence of this licence sell the said articles nor grant any other licence to sell the same within the United Kingdom or Isle of Man and shall not unless subject to the condition (amongst others) that the licensee thereunder shall not sell or supply any such articles to any person or persons firm or company within the United Kingdom or Isle of Man other than to the licensee or his nominees grant any licence under the said letters patent to manufacture the said articles: PROVIDED however that the licensee (party hereto) shall at the written request of the licensor join in any such licence last aforesaid in order to covenant with the licensee thereunder to pay to him at the prices and by drafts or bills as aforesaid for the articles

which shall be supplied to him or his nominees by such licensee by way of satisfaction *pro tanto* of any covenant by the licensor in this behalf hereinbefore contained and (if the licensor shall think fit) shall obtain a covenant by the licensee thereunder to supply him or his nominees with the said articles either to the full extent of the obligations of the licensor hereunder in this respect or to any lesser extent.

PREC. V.

4. Notwithstanding anything herein to the contrary the prices of all articles aforesaid which shall be supplied hereunder to the licensee or his assigns or his or their nominees shall be guaranteed by the licensee himself (b).

Licensee to guarantee prices of articles supplied to his assigns or nominees.

5. The delivery of any articles aforesaid to a railway company or other common carrier on the sale thereof to the licensee or his nominees shall be deemed a delivery to him or them thereof (c).

Delivery to common carrier to be deemed delivery to licensee.

6. All articles supplied by the licensor or his licensees as aforesaid shall be of the best manufacture and as delivered to the railway company or other common carrier as aforesaid in good and merchantable condition (d) or if not the licensee or his nominee or nominees (if any) to whom any of the same shall be supplied may within six days from their receipt by him or them at his or their usual place of business in London in due course of transit return them to the licensor or the licensee or other person supplying the same and the licensor or such licensee or person shall allow or pay to him or them all expenses (if any) incurred by him or them in respect of the carriage to and fro thereof (e).

Articles to be of good make &c. or may be returned.

7. The licensee shall keep or cause to be kept undefaced the patent mark on every article supplied to him or his nominees hereunder and so that the same shall not be sold or parted with while not bearing the patent mark.

Use of patent mark.

[For *Clauses*, as to not disputing validity and detecting infringements (f) and assisting licensor, &c., use *Licence II.* [but, as to "assistance," with the qualification as in *Licence III.*]; and for *Clauses*, as to payment of fees and observance of conditions, defence in proceedings for revocation and taking, &c. proceedings for infringements (g), and no other licences "to sell" having been granted, use *Licence III.*] (h).

CLAUSES 8—12.

(b) This guarantee will enable the licensor to dispense with a covenant against assignment, &c. See note (h).

(c) This only states the law where there is no contract to deliver the goods at a specified place (*Smith v. Hudson*, 34 L. J. Q. B. 145). See other cases mentioned in Benjamin on Sales, 3rd edition, p. 686. Where the contract is to deliver goods at a specified place, the vendor takes the risks of transit thereto (*Dunlop v. Lambert*, 6 Cl. & Fin. 600; Benjamin, p. 686).

(d) Where a vendor undertakes to deliver goods in a merchantable condition to a certain place, he is only liable for deterioration beyond that necessarily caused by the transit (*Bull v. Robison*, 10 Ex. 342; 24 L. J. Ex. 165; Benjamin, 686, 687).

(e) In the absence of an agreement to the contrary, a vendor is not bound to send or carry the goods to the vendee (Benjamin, 690). He is also not liable to the latter for the expenses of carriage, unless he contracts to be so. See Benjamin, Book IV., Part II., Delivery.

(f) That is, as to infringements in manufacture or sale.

(g) This had better be limited to infringements with respect to the sale of the articles, and not the manufacture of them. See *ante*, p. 221.

(h) See note (b). A covenant against assignment, &c., or sub-licensing,

PREC. V.

Determina-
tion by licen-
see if patent
void or in-
sufficient
supply.

Revocation of
licence if
payments in
arrear or on
bankruptcy
&c.

Remaining
clauses.

13. If the said letters patent shall from any cause become wholly or as to some material part of the said invention void &c. [*Power to determine if patent void or insufficient supply "in any calendar month aforesaid of the full minimum quantity of ——— articles as aforesaid," using Clause 21 of last Precedent*].

14. If for the space of ——— days from the time of delivery (as hereinbefore defined) of any articles supplied to the licensee or his nominees hereunder there shall not be sent or given to the licensor or other person or persons entitled thereto a draft or bill in payment of the prices therefor respectively as aforesaid or if any such draft or bill shall be dishonoured or if the licensee shall make default &c. become bankrupt &c. then the licensor at any time thereafter &c. [*Use Licence III., ante*].

[*For the remaining clauses as to the undertaking to produce the letters patent, &c., Arbitration Clause, and Transmission Clause, refer to last Precedent.*]

IN WITNESS &c. (i).

THE SCHEDULE.

is not inserted, as being too restrictive of the right of the licensee under Clause 3 to nominate persons to take goods direct from the licensor, &c., and would hamper him in the sales. A covenant by licensor not to sell or grant other licences appears in Clause 3. A covenant as to improvements, &c., seems unnecessary. See *ante*, p. 221, as to licences merely to sell the patent articles.

(i) The licence should be registered. See note (l) to Licence I., *ante*. For a clause as to service of notices, use *Sp. Cl.* 51, *ante*, p. 242.

VI.

PRES. VI.

LICENCE to a Firm to MANUFACTURE AT OWN WORKS and (subject to RESERVATION to grant LIMITED NUMBER of SELLING licences) to SELL the patent articles WITHIN A DISTRICT—RENTS and ROYALTIES on SALES, or at OPTION of Licensees both on Manufactures and Sales—DELIVERY of articles to SUB-LICENSEES to be deemed SALES.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (hereinafter called "the licensor") of the one part and C. D. and E. F. carrying on the business of &c. at &c. as co-partners under the firm of &c. (hereinafter called "the licensees") of the other part: *Recitals.*
 WHEREAS by letters patent &c. [*Grant*]: AND WHEREAS the *Grant.*
 licensor hath agreed to grant the licensees a licence to use the said *Agreement*
 invention at their own works at R. aforesaid and to sell the *for licence.*
 ———'s manufactured by them thereby within the counties of &c. subject to the reservations and upon the terms hereinafter appearing: NOW THIS INDENTURE WITNESSETH that in consideration of the royalties and rent hereinafter reserved and the covenants and agreements on the part of the licensees hereinafter contained the licensor doth hereby grant unto the licensees and their assigns the full sole and exclusive liberty right licence power and authority to make use and exercise the said invention and manufacture ———'s according thereto at their works at R. aforesaid but not elsewhere and also to sell the ——— so manufactured within the counties of &c. (hereinafter called "the said district"): EXCEPTING AND RESERVING unto the licensor and his assigns the right within the said district (but not to the exclusion of the licensees or their assigns) to grant licences (a) to any persons firms or companies respectively to sell the said ———'s but so that not more than six in number of such licences shall be subsisting at the same time: To HAVE HOLD exercise and enjoy the said licence and premises unto and by the licensees and their assigns for and during all the residue &c. [*As in last Precedent*] but so long only as the licensees or either of them or their or his assigns shall either alone or in co-partnership with any other person or persons continue and carry on the business of &c. at the said works at R. under the firm of &c.: AND THE

(a) See Clause 18.

PREC. VI.

LICENSOR doth hereby covenant &c. [*Qualified covenants as to validity of patent and right to grant as in Licence II., ante*]: **AND THIS INDENTURE ALSO WITNESSETH** that in consideration of the premises it is agreed and declared as follows:—

The term
“licensees”
to include
assigns as
aforesaid.

Royalties
half-yearly
on articles
sold.

1. The said term “the licensees” shall also be applicable herein as far as can be to the survivor of the said C. D. and E. F. or other the persons or person for the time being constituting the said firm carrying on the said business at R. (b).

2. The licensees shall during the continuance of this licence subject to the provisions of the next two clauses respectively pay to the licensor half-yearly on every — day of — and — day of — for every — manufactured by them hereunder and in the half-years then ending respectively sold by them the royalties mentioned in the first part of the schedule hereto according to the size and description of the —’s so sold (c) and also such further sum (if any) as together with the said royalties shall amount to the sum of £A (hereinafter called “the rent”).

Average
clause.

Licensees may
vary above
royalties by
paying both
as to manu-
facture and
sale.

3. **PROVIDED ALWAYS** that if the rent for any half-year shall exceed the royalties &c. [*As in Clause 2 of Licence IV., ante*].

4 (d). The licensees may at the end of each half-year without giving any previous notice to the licensor of their intention so to do (but so as not thereby to reduce the rent) vary the amount of royalties in respect of any of the articles aforesaid not being less than — in number then in their possession and unsold by debiting themselves therefor in the accounts for such half-year with the royalties in this behalf mentioned in the second part of the schedule hereto and so that at the end of any succeeding half-year in which the same articles shall be sold they shall debit themselves therefor in the accounts with the further royalties in this behalf also mentioned in the second part of the said schedule: **PROVIDED ALWAYS** (e) that at the end or sooner termination of this licence all articles in the possession of the licensees not then already sold whether actually manufactured or only in course of manufacture shall bear the royalties which would respectively become payable by virtue of this clause or Clause 2 as if the same had been actually sold less however a discount of — per cent. thereof.

Proviso that
articles un-
sold at end of
licence be
treated as
sold and bear
royalties
accordingly
less discount.

Delivery of
articles to
sub-licensees
to be deemed
a sale.

5. All articles delivered or sent by the licensees to any of their sub-licensees according to the terms of their respective sub-licences shall for the purposes of this licence be considered as having been actually sold by the licensees at the respective times when the same shall have left their said works in the possession of or to be delivered to such sub-licensees respectively. And the licensees shall accordingly pay in respect of such articles the royalties pro-

(b) As to covenants binding assigns, see *ante*, pp. 185, 186.

(c) As to royalties on sales, see *ante*, pp. 203, 228.

(d) As to this clause, see *ante*, p. 204.

(e) See p. 203, *ante*, as to this proviso.

vided by Clause 2 or (as the case may require) Clause 4 to be paid in respect of sales less a discount of ——— per cent. thereof (*f*). PREC. VI.

6. The licensees shall keep at their works at R. aforesaid all proper books of account &c. [*Use Licence I., with the addition from Licence II., as to verification of statements*]. Accounts kept, inspection allowed &c.

[*For other clauses not inserted or provided for hereinafter, see Licences I.—IV., ante; and also refer to "List of Ordinary Covenants," ante, p. 224, B. II. (g).*] Clauses 7—17.

18. The licensor shall not within the said district during the continuance of this licence use the said invention or any invention for the time being subject hereto or grant licences in respect thereof except that he may grant licences to sell but not to manufacture the said articles to such an extent only that there shall not be more than six in number of such licences subsisting at the same time and that the respective licensees thereunder shall be *bond fide* purchasers from or through the licensor of the articles supplied to them respectively and not his mere agents for the sale thereof respectively whether on commission or otherwise. Covenant by licensor as to non-user in district except as to grant of licences under reserved power.

[*For a mutual covenant as to improvements, &c. use Licence II.; power of revocation (h), use Licence III.; power of determination by licensees, use Licence IV. (except as to default in supplying material); acknowledgment, &c. as to the letters patent, use Licence III.; arbitration clause, use Form 24, ante, p. 55; and transmission clause, use Form 25, ante, p. 56.*] Remaining clauses.

IN WITNESS, &c. (*i*).

THE SCHEDULE.

First Part.

Second Part.

(*f*) As to this clause, see *ante*, p. 216.

(*g*) These may be taken to be eleven in number, namely, covenants by the licensees to use the patent mark; to manufacture only according to the specification; to allow inspection of factory; not to assign, &c. (with proviso granting power to sub-license, and requiring notice of sub-licences as in *Licence III.*); not to dispute validity of patent; and to detect infringements and give notice thereof; and covenants by the licensor to pay fees and perform conditions of patent; to defend patent; to take proceedings for infringements or permit licensees, &c.; not to amend specification; and that there are no other subsisting licences within the district. See the qualification as to "assistance" in *Licence III.*

(*h*) In the clause conferring this power on the licensor, use, with reference to the bankruptcy of the licensees, the expression "the licensees or any member or members of the said firm for the time being."

(*i*) The licence should be registered. See note (*l*) to *Licence I.*, *ante*, p. 246. For a clause as to services of notices, use *Sp. Cl. 51, ante*, p. 242.

PREC. VII.

VII.

LICENCE (*exclusive*) for a DISTRICT at a sum the balance whereof is payable in five years by half-yearly **INSTALMENTS**—If any instalment in arrear, final balance, or any part demanded, at once payable—**PAYMENTS** to CEASE if Patent void, but to revive if decision overruled—**CESSER OF PAYMENT** to be taken as **DAMAGES**—**ASSIGNMENT** for the District, when all Monies paid—**REVOCA-TION** of the Licence if long Default in Payment or Bankruptcy—*Licensee may determine on breach by Licensor (a).*

[**SALE on HIRE SYSTEM.**]

THIS INDENTURE made &c. BETWEEN A. B. of &c. and C. D. of &c. (hereinafter called "the licensors") of the one part and E. F. of &c. (hereinafter called "the licensee") of the other part: WHEREAS by letters patent &c. [*Grant of patent to A. B.*]: AND WHEREAS by articles of partnership dated &c. and made between the said A. B. of the one part and the said C. D. of the other part it was declared (amongst other things) that the said parties thereto should become partners for the term of ——— years from the date thereof in the business of &c. including the manufacture and sale of ——— which might be manufactured according to the said invention: And that the said letters patent and any extension thereof together with the benefit of any improvements made or acquired during the partnership by either party and the letters patent (if any) in respect thereof should be assets of the partnership: And that no licence under the said letters patent or any of them should be granted by the said A. B. without the concurrence of the said C. D. (b): AND WHEREAS the licensors have agreed with the licensee to grant to him an exclusive licence within the district comprising the city of ——— in the county of ——— to

Recitals.
Grant of
patent to
A. B.

Articles of
partnership
between the
licensors
making the
patent an
asset of the
firm.

Agreement to
grant the
licence.

(a) As to this kind of licence, see *ante*, pp. 37—39, 208, 209. Compare this precedent with *Agreements XI.* and *XII.*, *ante*, pp. 89, 93, where the sale of the patent is to be for the whole kingdom.

(b) In *Kenny's Patent Buttonholeing Company v. Somerville and Lutwyche*, 37 L. T. 878, Bacon, V.-C., decided that a patent registered in name of one partner only, but which had become partnership assets, could be worked by the other partner after the dissolution and notwithstanding the assignment thereof by the patentee to a purchaser with notice.

the extent of ——— miles in radius from &c. to manufacture and otherwise to use exercise and vend the said invention and ultimately to assign to or vest in him the patent rights aforesaid for the said district at the price of £A payable by instalments as hereinafter provided: **NOW THIS INDENTURE WITNESSETH** that in pursuance of the said agreement in this behalf and in consideration of the sum of £B this day paid to the licensors by the licensee (the receipt whereof is hereby acknowledged) and of the covenant by the licensee for payment of the sum of £C (the balance of the said purchase-money of £A) by instalments and of other covenants and conditions on the part of the licensor hereinafter contained they the licensors as beneficial owners respectively according to their respective interests as aforesaid do and each of them doth hereby grant unto the licensee and his assigns the full sole and exclusive liberty licence right power and authority within &c. [*the district*] to use exercise and vend the said invention: To HAVE hold exercise and enjoy the said premises unto and by the licensee and his assigns henceforth (as hereinafter provided) until the licensee or his assigns shall become entitled absolutely to the said invention and letters patent for the said district unless or until this licence shall previously thereto (if at all) be or become revoked or otherwise determined: AND EACH of them the licensors doth hereby covenant with the licensee that notwithstanding anything by him the covenantor done omitted or knowingly suffered the said letters patent are valid and subsisting and not void or voidable: **AND THIS INDENTURE ALSO WITNESSETH** that in pursuance of the said agreement in this behalf and in consideration of the premises it is agreed and declared as follows:—

1. The licensee shall pay to the licensors the said sum of £C by ten equal instalments of £D each that is to say the sum of £D on the ——— day of ——— and ——— day of ——— in every year henceforth until the said sum of £C shall be satisfied commencing with the ——— day of ——— next but if any instalment shall be in arrear for the space of one calendar month shall on demand in writing pay to the licensors the whole or any part of the unpaid balance of the said purchase-money including the said instalment together with interest on the said instalment at the rate of ——— per cent. per annum as from the half-yearly day on which the same became due and if the principal sum so demanded shall not be paid at the time of demand shall thenceforth pay interest thereon at the rate aforesaid until payment thereof: PROVIDED ALWAYS that if the licensors shall demand payment of any principal sum as aforesaid they shall not by reason only of the said instalment having become in arrear be at liberty to demand payment of any further principal sum but the demand so made shall operate so as to accelerate the time or times for payment of the unpaid balance of the said purchase-money exclusive of the principal sum so demanded which balance shall accordingly as far as may be become payable in the like instalments of £D each on the half-

PREC. VII.

1st Testatum.

Grant of licence in consideration of sum paid and covenant to pay balance, and other covenants.

To hold until purchase effected if licence not previously determined.

Covenant (qualified) as to validity of patent.

2nd Testatum.

Covenant by licensee to pay balance by ten half-yearly instalments.

And if any instalment in arrear the licensor may demand payment of any part of unpaid balance and interest.

Proviso that any principal sum demanded shall not afterwards be increased unless further default,

but a demand shall operate to accelerate times of pay-

PREC. VII.

ment of
monies not
included
in it.

Payments to
cease or
(pending ap-
peal) be sus-
pended if
patent void.

Final cesser
to be deemed
satisfaction
in damages.

yearly days aforesaid next succeeding the time of such demand until the whole of the said purchase-money shall be paid (c).

2. If the said letters patent shall from any cause become wholly or as to some material part of the said invention void the unpaid balance (if any) not then already due of the said purchase-money shall cease to be payable either at all and in that case this licence shall absolutely determine without prejudice to the payment of all moneys then already due or to any right of action by either party then accrued hereunder or (in the event of a successful appeal from any judgment revoking the said letters patent) during the period only for which such judgment shall remain in force and in the event of such an appeal the right of the licensors to payment of the said balance shall revive and the same or so much thereof as shall have fallen due on each half-yearly day (if any) aforesaid within the said period shall become payable at the date of the said judgment on appeal: PROVIDED ALWAYS that the final cesser of payment as aforesaid shall be deemed satisfaction in full to the licensee of any claim by him for damages or compensation by reason of the said letters patent having become void as aforesaid (d).

* * * * *

Clauses 3—6.

[For Clause 3, as to use of patent mark, see Licence II., ante; and for Clauses 4—6 as to not assigning, &c. without consent (e), not disputing the validity of the patent, and detecting and giving notice of infringements (e), use Licence III., ante.]

Licensors to
pay fees or
permit
licensees so to
do and deduct
&c. and to
perform other
conditions of
patent.

Clauses
8—11.

7. The licensors shall during the continuance of this licence and also after the determination thereof if the same shall take place by reason of the licensee becoming entitled to the assignment of the patent rights for the said district as hereinafter mentioned pay all fees necessary &c. [See Licence III.]

* * * * *

[For Clauses 8—11 as to defence of the patent and taking proceedings for infringement, non-amendment of the specification, no other licences having been granted, and non-user, &c. of invention within the district, see Licence III.]

* * * * *

(c) This proviso is intended to prevent demands being capriciously made by the licensors at various uncertain times. Only one demand can be made in respect of a single breach. A proviso might of course be introduced, limiting each demand to a particular sum.

(d) The patent might become void either from omission to pay the fees, which the licensee can himself by Clause 7 prevent, or by revocation. The only other condition of the patent, besides as to fees, is, according to the present form of a patent (see Form 1, ante, p. 48), to supply the Queen's service with the patent articles. The covenants, the breach of any one of which may have rendered or might render the patent void, will be those as to the validity of the patent, the payment of the fees, and the defence of the patent. No apportionment of any half-yearly instalment can be claimed by the licensor on the patent becoming void. See note (g).

(e) This covenant should of course be confined to the duration of the licence only.

12. At any time after the licensee or his assigns shall have paid all sums due from him as aforesaid the licensors shall at his or their request and cost execute to him or them an assignment for the said district of the said letters patent and all patent rights expressed or intended to be comprised in this licence and such assignment shall contain (amongst other provisions or clauses) covenants by the licensor &c. [*Here refer to the various covenants, &c. in Assignment II., ante, p. 139 (f).*]

PART. VII.

When purchase-money paid licensors to execute an assignment for the district.

13. The licensee shall be entitled during the continuance of this licence to the sole and exclusive right within the said district to every improvement or addition to the said invention or new discovery useful for the manufacture of ——— which now is (if at all) in the knowledge and possession of or which hereafter may be made by the licensor as if the same were part of the said invention and if he shall become entitled to an assignment for the said district of the said invention and letters patent as herein provided shall also be entitled to an assignment at his own expense for the said district of the letters patent (if any) which may be granted to the licensor in respect of every such improvement addition or discovery whether made during the continuance of this licence or afterwards and the said assignment shall contain (amongst other provisions or clauses) covenants by the licensor &c. [*Here refer to the various covenants, &c. in Assignment II., ante, p. 139*]: PROVIDED ALWAYS that the licensor shall from time to time after making any such improvement addition or discovery to the benefit of which the licensee shall become entitled as aforesaid forthwith give notice thereof in writing to the licensee and as and when reasonably required by him and at his expense as to actual costs (if any) out of pocket occasioned thereby communicate and explain to him or his agents such improvement addition or discovery.

Licensee to have exclusive use for district of all improvements &c. made by licensor.

Notice to be given to licensee of any improvement &c. and explanation afforded.

14. If any principal sum payable hereunder by the licensee shall remain unpaid for the space of ——— calendar months after the time when the same became due (whether the same shall be demanded or not) or if the licensee shall while any principal monies aforesaid shall remain unpaid become bankrupt or commit any act of bankruptcy whether available for adjudication or not then the licensors may by notice in writing served on the licensee or his trustees in bankruptcy (if any) revoke this licence but such revocation shall be without prejudice to the recovery by the licensor of any monies then already due or to any right of action by either party for past breaches accrued hereunder (g).

Power to revoke licence if any monies long in arrear or licensee become bankrupt &c.

15. If the licensors shall commit a breach of any covenant herein contained and on their part to be performed or observed and (in the case of a breach capable of being made good) shall for the space of ——— days after they shall have been served with a notice in writing by the licensee to make good the said breach

Power for licensee to determine on breach by licensors.

(f) As to the expediency of such an assignment, see *ante*, pp. 91, n., 111.

(g) By the Apportionment Act, 1870 (33 & 34 Vict. c. 35), sect. 1, periodical payments in the nature of *income* are to be apportioned. This section would not, therefore, apply to the above case.

PREC. VII. neglect or omit so to do then the licensee at any time thereafter may by serving the licensors or either of them with a notice in writing for this purpose forthwith determine this licence and every obligation herein contained on the part of the licensee then remaining to be performed or observed without prejudice however to the recovery by the licensors of any monies then already due or to any right of action for past breaches accrued to either party hereunder.

Remaining
clauses.

[*For acknowledgment, &c. as to the letters patent, see Licence III., ante; and for arbitration and transmission clauses, use C. F. 24 and 25, ante, pp. 55, 56.*]

IN WITNESS, &c. (h).

(h) The licence should be registered. See last note to *Licence I., ante*. For a clause as to service of notices, use *Sp. Cl. 51, ante*, p. 242.

VIII.

PREC. VIII.

LICENCE (*exclusive*) for a District in consideration of a LIFE
ANNUITY secured by BOND.

THIS INDENTURE made the ——— day of ——— 18—
BETWEEN A. B. of &c. (hereinafter called "the licensor") of the
one part and C. D. of &c. (hereinafter called "the licensee") of
the other part: WHEREAS by letters patent &c. [*Grant of patent*]: *Recitals.*
AND WHEREAS the licensor has agreed in consideration of an *Grant of*
annuity of £——— for his life (determinable as hereinafter men- *patent.*
tioned) being secured to him by the licensee to grant to him an *Agreement*
exclusive licence to use the said invention for the district and *to grant*
otherwise as hereinafter mentioned: AND WHEREAS in pursuance *licence.*
of the said agreement in this behalf by a bond of even date here- *Bond to*
with under the hand and seal of the licensee and executed imme- *secure the*
diately before the execution hereof the licensee has become bound *annuity.*
to the licensor in the penal sum of £——— with a condition
therein for avoidance of the same on payment by the licensee to
the licensor during his life or until the said licence shall (if at all)
become revoked or determined as hereinafter provided except by
effluxion of time of the said annuity of £——— by equal half-yearly
payments on the——— day of——— and the——— day of———
in every year commencing with the——— day of——— next
together with the proper proportionate part of the said annuity for
the time (if any) which shall elapse between the last of such half-
yearly days and the date of the death of the licensor or sooner
determination of the said annuity as aforesaid (a): NOW THIS *Grant of*
INDENTURE WITNESSETH that in pursuance of the said *licence.*
agreement in this behalf and in consideration of the premises and
also of the covenants and conditions on the part of the licensee
hereinafter contained and to be performed and observed by him
the licensor as beneficial owner doth hereby grant unto the licensee
and his assigns the full sole &c. [*To end of the habendum, as in*
Licence III.]: AND THE LICENSOR doth hereby covenant with the
licensee that notwithstanding anything by him the licensor done
omitted or knowingly suffered the said letters patent are valid and
Covenants as
to validity of
patent and
right to
grant.

(a) The Apportionment Act, 1870 (33 & 34 Vict. c. 35, ss. 1, 2), however,
provides for such an apportionment. See a precedent of such a bond, *post*,
p. 294, *Misc. Prec.*

PART. VIII. subsisting and not void or voidable: AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises it is agreed and declared as follows:—

Licence to
expire if
patent become
void.

1. If the said letters patent shall during the life of the licensor and the continuance of this licence become from any cause whatever wholly or as to some material part of the said invention void subject however to the judgment (if any) on appeal which shall reverse the judgment (if any) revoking the said letters patent to the extent aforesaid this licence shall thereupon absolutely cease but without prejudice to the recovery by the licensor of any monies then already due under the said bond or to any right of action by either party for past breaches accrued hereunder (b).

Clauses
2—11.

[For Clause 2, as to use of patent mark, see Licence II.; for Clauses 3—10, as to not assigning, &c. without consent, not disputing the validity of the patent, detecting, &c. infringements, payment of fees, &c., defence of patent and proceedings for infringements, non-amendment of specification, no other licences having been granted, non-user, &c. within district, see Licence III.; and for Clause 11, as to Improvements, see Licence II.]

Power of
revocation by
licensor.

12. If any half-yearly instalment of the said annuity or any part thereof shall be in arrear for one calendar month (whether the same shall be demanded or not) or if the licensee shall while any part of the said annuity shall remain unpaid become bankrupt &c. [Clause 14, of the last Precedent, writing "annuity" for "purchase-money," and varying the termination by writing that such revocation "shall be without prejudice to the recovery &c.," as at the end of Clause 1 hereof] (c).

Remaining
clauses.

[For a clause as to determination by the licensee on breach by the licensor, use Clause 15 of last Precedent, but making the variation as last mentioned in the case of revocation by the licensor; and for a clause as to acknowledgment, &c., use Licence III.; and for arbitration and transmission clauses, use C. F. 24 and 25, ante, pp. 55, 56.]

IN WITNESS, &c. (d).

(b) Where a licence had been granted in consideration of an annuity secured by bond, and it was afterwards found that the invention had been in public use before the grant of the patent, unknown to the patentee, when he granted the licence, it was held that the licensee could not recover back the money he had paid on account of the annuity (*Taylor v. Hure*, 1 Bos. & Pul. (N. R.) 260, cited in *Agnew*, 236). As to money paid for a licence not being returnable unless there had been a total failure of the consideration (where unapportionable), see *ante*, pp. 190, 191.

(c) A licensor would not be likely to avail himself of the above power, except in the case of bankruptcy, or his being able to grant a new licence for the district on better terms elsewhere, as the annuity would thereby expire.

(d) The licence should be registered. See last note to Licence I. For a declaration as to service of notices, use *Sp. Cl.* 61, *ante*, p. 242.

IX.

PART. IX.

LICENCE (*exclusive*) for the KINGDOM subject to PRIOR LICENCES fixing MINIMUM SELLING PRICES of the Patent Articles and to LICENSOR'S right to supply some of the other Licensees—PREMIUM paid—ROYALTIES in fixed sums INCREASED to a PERCENTAGE on selling prices but NO RENT—ARTICLES SUPPLIED by LICENSEE to his SUB-LICENSEES or MANUFACTURED by them to be DEEMED SOLD by him at said minimum prices less discount—LICENSEE (if required) TO SUPPLY the other Licensees and to RECEIVE THE PRICES and PAY ROYALTIES—No sale by Licensee at less than said minimum prices—SUB-LICENCES to contain certain provisions—REDUCED ROYALTIES on UNSOLD articles at end of Licence—LICENSOR not to engage in ADVERSE BUSINESS.

THIS INDENTURE made the ——— day of ——— 18— BETWEEN A. B. of &c. (hereinafter called “the licensor”) of the one part and C. D. of &c. (hereinafter called “the licensee”) of the other part: WHEREAS by letters patent &c. [*Grant of patent and devolution (if any) of title*]: AND WHEREAS by an agreement dated &c. mentioned in the First Schedule hereto the licensor has agreed to supply E. F. and G. H. or their nominees (hereinafter referred to as licensees) with articles manufactured according to the said invention to the extent and upon the terms therein mentioned: AND WHEREAS by a licence dated &c. also mentioned in the First Schedule hereto the licensor has granted to H. K. the sole and exclusive licence within &c. [*a certain district*] to manufacture articles according to the said invention and sell the same but with a reservation to the licensor personally or in lieu of him any one person or ordinary partnership firm at a time claiming under him by assignment or licence also to sell within the said district articles aforesaid which shall be manufactured and supplied by the licensor for this purpose as therein provided: AND WHEREAS under the said reservation the licensor has by a licence dated &c. (also mentioned in the First Schedule hereto) licensed the firm of &c. to sell the said articles within the said district: AND WHEREAS the said agreement and licences respectively contain provisions fixing such minimum prices at which the respective licensees thereunder may sell the said articles as are mentioned in the Second Schedule

M.

T

Recitals.
Grant, &c. of patent.
An agreement by licensor to supply a firm with the patent articles.
A licence to H. K. to manufacture, &c. within a district; but with a reservation to licensor personally or to any single licensee to sell articles in the district.
A licence granted under such reservation.
That the said agreement and licences fix same minimum selling prices of the articles.

PREC. IX.

Agreement to grant this licence subject as aforesaid.

First Testatum.

Grant of exclusive licence for the Kingdom in consideration of a premium and royalties, &c.

Reserving licensor's right to manufacture and supply to his selling licensee aforesaid.

But subject to said agreement and licences, and free from the reservation in the first licence.

Covenants as to validity of patent and right to grant.

Second Testatum.

Royalty of — shillings per article and further sum up to a percentage of selling price of each article, paid half-yearly. Proviso that articles supplied by licensee to his selling sub-licensees shall

hereto: AND WHEREAS the licensor has agreed in consideration of the sum of £—— to grant to the licensee the sole and exclusive licence to use the said invention within the United Kingdom and Isle of Man subject to the said agreement and licences and otherwise upon the terms hereinafter appearing. NOW THIS INDENTURE WITNESSETH that in consideration of the sum of £—— this day paid to the licensor by the licensee (the receipt whereof is hereby acknowledged) and of the royalties hereinafter reserved and the covenants or conditions on the part of the licensee hereinafter contained the licensor doth hereby grant unto the licensee and his assigns the full sole and exclusive licence liberty right power and authority within the United Kingdom and the Isle of Man to use the said invention and manufacture articles thereunder and to sell the articles so manufactured (a): EXCEPTING AND RESERVING unto the licensor and his assigns the right to manufacture articles as aforesaid for the purpose of supplying the same to the respective licensees under the said agreement dated &c. and licence dated &c. and to supply the same respectively accordingly: To HAVE HOLD exercise and enjoy the said licence and premises hereby granted unto and by the licensee and his assigns &c. [*To end of the habendum*] subject to the said agreement and licences mentioned in the First Schedule hereto or any licence to be granted in pursuance of the said agreement but free from the reservation aforesaid contained in the said licence dated &c.: AND THE LICENSOR doth hereby covenant with the licensee that notwithstanding anything by him the licensor done &c. [*Covenants as to validity and right to grant as in Licence II.*]. AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises it is agreed and declared as follows:—

1. The licensee shall during the continuance hereof pay to the licensor half-yearly on every —— day of —— &c. &c. the first whereof being the —— day of —— next a royalty of —— shillings in respect of the sale by the licensee within that period of each article aforesaid manufactured by him hereunder and a further royalty so as to make up a total royalty equal to —— per cent. on the selling price thereof if the first mentioned royalty shall be less than such percentage (b): PROVIDED ALWAYS that all articles aforesaid delivered or sent by the licensee to any of his sub-licensees according to the terms of their respective licences shall for the purposes hereof be considered as having been actually sold by the licensee at the minimum prices aforesaid mentioned in the Second Schedule hereto less a discount of —— per cent.

(a) A right to manufacture includes a right to sell the patent articles (*Thomas v. Hunt*, 17 C. B. N. S. 183).

(b) The two following provisos can, of course, be omitted, if special royalties are placed on the articles supplied to or manufactured by the sub-licensees. In that case no violation of language as to the term "sale" need be caused. See *ante*, p. 216. As to allowances for bad debts, see *Sp. Cl.* 17, *ante*, p. 232.

thereon at the respective times when the same shall have left any place of manufacture or business of the licensee in the possession of or to be delivered to such sub-licensees respectively: PROVIDED ALSO that all articles manufactured as aforesaid by any sub-licensees of the licensee shall for the purposes hereof be deemed articles sold by the licensee at the time of completion thereof at the minimum prices aforesaid less a discount of ——— per cent. thereon.

2. The licensee shall within ——— weeks after the receipt by him from the licensor of a notice in writing requiring him so to do undertake to the extent of the terms of such notice the obligations aforesaid of the licensor for the supply of and shall supply articles aforesaid to the licensees under the said agreement dated &c. and licence dated &c. respectively and shall accordingly be entitled at the respective times therein provided in this behalf to receive all moneys payable for the articles so supplied by him and shall as to each article so supplied pay to the licensor on the half-yearly days aforesaid less a discount of ——— per cent. a like royalty or total royalty on the said moneys payable in respect thereof as is provided by Clause 1 hereof and the licensor shall do all such things as shall be necessary to enable the licensee to obtain payment from the said licensees of the moneys due in respect of the articles which shall be supplied by the licensee to them respectively as aforesaid.

3. The licensee shall not without the written consent of the licensor and the licensees under the said agreement and licences mentioned in the First Schedule hereto (hereinafter referred to as "the other licensees") sell any of the said articles for less prices or under terms more favourable to purchasers than is provided in the said agreement or other licences mentioned in the said Schedule respectively or in case of any default being made by him in this respect shall (but without prejudice to the exercise by the licensor of his power of revocation under Clause 18 hereof) be taken to have sold at the minimum price or prices mentioned in the Second Schedule hereto the articles sold by him at any lesser prices and shall indemnify the licensor against any claims or damages which may be made or claimed by the other licensees or persons claiming under them respectively or any of them on account of any such sale at lesser prices as aforesaid.

4. The licensee shall keep at his usual place of business all proper books of account and make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for any of the purposes hereof of all transactions relating to the manufacture by him or his sub-licensees or sale by him of the said articles or the supply thereof to the other licensees respectively and the grant by him of any sub-licences hereunder and shall produce the said books &c. [*Licence I., ante, p. 245, but omitting the reference to "assigns," and alluding to both "manufacture" and "sale"*]: AND shall if and when required by the licensor but at the expense of the licensee verify or procure some fitting person in his employ to verify each such statement or any part or parts thereof by statutory declaration.

PREC. IX.

be treated as sold at said minimum prices less discount.

Further proviso that articles when manufactured by manufacturing sub-licensees be deemed sold to them by licensee at said minimum prices less discount.

Licensee, after notice by licensor, to supply the other licensees; and shall be entitled to receive from them the prices subject to royalties to licensor.

No sale for less prices than under the other licences, &c.

Books and accounts kept, inspection, &c.

PART. IX.
Clauses 5—15.

[For Clauses 5—7, as to use of patent mark, manufacture according to specification, and inspection of factory, use Licence II., ante; and for Clauses 8—10, as to non-assignment, &c. without consent, and express power to grant sub-licences, including the provisoes, but referring to "the Third Schedule hereto" (c), and as to not disputing the validity of the patent, and detection, &c. of infringements, use Licence III.; and for Clauses 11—15, as to payment of fees and performance of conditions of patent, defence of actions for revocation and taking proceedings for infringements, non-amendment of specification, no other licences subsisting "except as hereinbefore stated," and non-user, &c., within the kingdom, "except as hereinbefore excepted reserved or provided," use Licence III.]

* * * * *

Licensor not to manufacture, &c. the articles or deal therein except to supply the other licensees. Improvements by either party to be for benefit of both, &c.

16. The licensor shall not during the continuance of this licence within the United Kingdom and Isle of Man except for the purpose of performing his obligations under the said agreement and licences or any of them either alone or in partnership or directly or indirectly whether as shareholder or debenture holder &c. [as in *Sp. Cl.* 47, ante, p. 241] (d).

17. Each party hereto shall during the continuance of this licence at the earliest opportunity &c. [Use Licence II., ante, p. 249, omitting reference to "assigns," and ending as follows] shall be for the use of both parties hereto and the licensees under the said licence dated the &c. (e) but if the same shall have been invented ascertained or made by the licensee then shall not be for the use of the licensor beyond the duration of his interest under the said agreement dated &c. or the said licence dated &c. (f) and shall not be for the use of the licensees or their assigns under the said licence dated &c. (g) beyond the duration of their said licence but if the same shall be invented ascertained or made by the licensor or he shall otherwise be entitled to communicate the same then shall not be for the use of the licensee beyond the duration of this licence and any such improvement addition or discovery so communicated by the licensor shall be deemed part of the premises and together with the letters patent (if any) in respect thereof be as far as circumstances will admit subject to the covenants and conditions herein contained as if the same respectively applied thereto or to the letters patent (if any) granted in respect thereof.

Revocation of licence on non-payment,

18. If any royalties or other sums payable hereunder by the licensee or any part thereof respectively &c. [Use Licence III., ante,

(c) As to the terms to be inserted in sub-licences when an express power to grant them is conferred, see ante, pp. 215, 216, and *Sp. Cl.* 33, ante, p. 237. Some additional terms will be needed here on account of the special covenants.

(d) See *Leather Cloth Co. v. Lonsont*, L. R. 9 Eq. 345, as to the restraint of trade caused by such a covenant not being greater than that caused by the patent itself, whereby the covenant was not against public policy.

(e) The first recited licence.

(f) The last recited licence.

(g) The first recited licence.

p. 252] and also without prejudice to the performance and observance by the licensee of his obligations (if any) to the licensees respectively under the said agreement dated &c. and licence dated &c. or either of them as aforesaid which might at the time of such revocation remain to be performed in respect of the sale or supply of the said articles by him to them respectively.

19. If the said letters patent shall from any cause whatever become wholly or as to some material part of the said invention void (notwithstanding that any judgment in revocation of the said letters patent to the extent aforesaid shall or shall not be appealed against) (h) or if the licensor shall commit a breach &c. [*Use Clause 15 of Licence VII., ante, p. 269*] and also without prejudice &c. [*As at end of last clause, writing "determination" for "revocation"*].

20. At the end or sooner termination of this licence the licensee shall in respect of each article aforesaid in his possession not then already sold whether complete or only in course of manufacture or in the possession of his manufacturing licensees (if any) respectively whether complete or only in course of manufacture pay to the licensor a reduced royalty thereon respectively of — shillings in lieu of any royalties on the sale thereof as aforesaid (i).

[*For a clause as to acknowledgment, &c. use Licence III., and for arbitration and transmission clauses, use Forms 24 and 25, ante, pp. 55, 56.*]

IN WITNESS, &c.(j).

FIRST SCHEDULE.

SECOND SCHEDULE.

THIRD SCHEDULE.

PREC. IX.
or breaches or
bankruptcy of
licensee.

Determina-
tion by
licensee if
patent void or
breaches by
licensor.

Reduced
royalties on
articles in
possession of
licensee or
manufactur-
ing sub-
licensees
at end of
licence not
already
subject to
royalties.
Remaining
clauses.

(h) Use *Clause 2 of Licence VII.* if thought fit as to suspense of royalties during appeal. If such be intended, omit matter in the bracket as to an appeal. See *Sp. Cl. 19, ante, p. 233*, as to payment to trustees during proceedings.

(i) As to such a clause, see *ante, p. 203*.

(j) The licence should be registered. See last note to *Licence I., ante*. For a clause as to service of notices, use *Sp. Cl. 51, ante, p. 242*.

PREC. X.

X.

LICENCE (*exclusive*) for a DISTRICT to a LIMITED COMPANY—
 PREMIUM in Cash and Shares—ROYALTIES per Ton according
 to different Products but after certain date to DECREASE FIVE
 PER CENT. annually—DIFFERENT RENTS—SUSPENSE of ROYAL-
 TIES and RENTS while Licensor omits to proceed for Infringement
 —SPECIAL PROVISIONS for determination, &c.—REDUCED
 ROYALTIES on PRODUCTS IN HAND at end of Licence.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (herein-
 after called "the licensor") of the one part and the ——— Com-
 pany Limited (hereinafter called "the licensees") of the other
 part: WHEREAS by letters patent &c. [*Grant of patent, and deco-
 lution (if any) of title*]: AND WHEREAS the licensor has agreed to
 grant the licensees an exclusive licence to use the said invention
 within the county of &c. for the sum of £——— and the royalties
 and otherwise upon the terms hereinafter appearing: AND
 WHEREAS the licensor hath consented to receive payment of the said
 sum of £——— partly in cash to the amount of £——— and the
 remainder thereof in ——— shares of £——— each of the licen-
 sees which are to be treated for all purposes as having been fully
 paid up: AND WHEREAS the licensees have accordingly imme-
 diately before the execution hereof allotted to the licensor or his
 nominees ——— shares aforesaid numbered respectively ——— to
 ——— as he doth hereby acknowledge (a). NOW THIS IN-
 DENTURE WITNESSETH that in pursuance of the said
 agreement in this behalf and in consideration of the allotment of
 the said ——— shares as aforesaid and also in consideration of the
 sum of £——— now paid to the licensor by the licensees (the
 receipt whereof is hereby acknowledged) and also of the royalties
 and rent hereinafter reserved and the covenants and conditions on
 the part of the licensees hereinafter contained the licensor as bene-
 ficial owner (b) doth hereby grant unto the licensees and their
 assigns the full sole and exclusive liberty licence right power and

Recitals.
 Grant of
 patent.
 Agreement
 for licence to
 the company
 for a county
 at a premium
 and royalties.
 Premium to
 be paid in
 cash and
 shares.
 Allotment of
 the shares.

*First
 Testatum.*
 Grant of
 licence by
 licensor as
 beneficial
 owner.

(a) See note (c) to *Agreement VII.*, ante, p. 80, as to filing under sect. 25 of the Companies Act, 1867 (30 & 31 Vict. c. 131), every contract for the issue of shares as fully paid up.

(b) As to full covenants for title in a licence, see ante, p. 196.

authority within the county of &c. to make use and exercise the said invention in or apply the process described in the specification relating to the said letters patent to the production of ——— and also to sell (c) the ——— so manufactured: To HAVE HOLD exercise and enjoy the said licence and premises unto and by the licensees and their assigns for and during &c. [To end of habendum]: AND THE LICENSOR doth hereby covenant with the licensees &c. [Qualified covenant as to validity of the patent]. AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises it is agreed and declared as follows:—

1. The licensees shall during the continuance of this licence in respect of all ——— produced by them or their sub-licensees by any means in which the said invention or process shall be used or employed in the half-years then ending respectively pay to the licensor on every ——— day of ——— and ——— day of ——— up to the ——— day of ——— 1890 the following royalties namely a royalty at the rate of £—— per ton as to produce made in the form of &c. and of £—— per ton as to produce made in any other form and from and after the said ——— day of ——— 1890 royalties as to produce in the respective forms aforesaid at rates each current year five per cent. less than those for the year then immediately preceding it: AND ALSO on every ——— day of ——— and ——— day of ——— aforesaid subject to the operation of Clause 2 hereof in respect of the produce made as aforesaid in the form of &c. such further sum (if any) as together with the said royalties reserved as aforesaid in the same respect shall amount to the sum of £A (hereinafter termed “a rent”) [that is to say a sum equal to the total amount of the like royalties on ——— tons of the said produce in that form (d)] and in respect of any produce made in any other form as aforesaid such further sum (if any) as together with the royalties reserved as aforesaid in the same respect shall amount to the sum of £B (hereinafter also termed “a rent”) [that is to say a sum equal to the total amount of the like royalties on ——— tons of the said produce made in any such other form (e)]: PROVIDED ALWAYS that no apportionment of any royalty aforesaid shall be made in respect of any quantity less than one hundred weight of the said produce in any form whatever.

2. PROVIDED ALWAYS that if either rent for any half-year aforesaid shall exceed the total amount of royalties due for the same period in respect of the produce to which such rent is attributable the licensees shall be entitled for any one or more succeeding half-years (so far as necessary for the purpose) for

PARC. X.

Covenant as to validity of patent.

Second Testatum.

Covenants and conditions.

Royalties and rents half-yearly at fixed sums according to quantity and form of products made, but after certain date reducible 5 per cent. yearly.

Proviso as to no apportionment of royalties for less than a cwt.

Average clause for the two rents.

(c) A right to manufacture includes a right to sell the patent articles (*Thomas v. Hunt*, 17 C. B. N. S. 183).

(d) As to the matter in this bracket, see note (d) to *Licence III.*, ante, p. 250.

(e) *Ibid.*

PREC. X.

Accounts kept and furnished, inspection of books, verification, &c.

which respectively the total amount of royalties due in the like respect shall exceed such rent to a remission of so much of the latter excess as will make up to them the excess of payment made in the half-year for which the rent shall have exceeded the royalties due therefor as aforesaid.

3. The licensees shall keep at their head offices all proper books of account and make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for any of the purposes hereof of all transactions relating to the manufacture by them of produce of any kind whatever under this licence and of the like produce sold by them to their sub-licensees (if any) or other persons or delivered by them to such sub-licensees (if any) for sale and shall produce &c. [*Production and inspection of books and delivery of accounts as in Licence I., ante, omitting reference to "assigns"*]: AND will if and when required &c. [*Verification of statement as in Licence II., ante, the declaration, however, being that "of the manager or some competent person in their employ"*].

Clauses 4—10.

[*For Clauses 4—6, as to use of patent mark, manufacture according to the specification, and inspection of factory, use Licence II., ante p. 247; and for Clauses 7—10, as to non-assignment &c. without consent and express power to grant sub-licences, including the provisoes (f), and as to not disputing validity of patent and detection &c. of infringements, and as to payment of fees and performance of conditions of patent, use Licence III., p. 251.*]

Proceedings as to defence of patent and infringements.

11. The licensor shall at all times during the continuance of this licence at his own cost defend every proceeding for the revocation of the said letters patent and at all times aforesaid at the request and cost &c. [*As in Licence III., ante, p. 251, omitting reference to "assigns"*]: PROVIDED ALWAYS that if the licensees shall at any time during the continuance &c. [*Suspense of royalties and rent as in Sp. Cl. 14, ante, p. 231*] (g).

Suspense of royalties and rent in default of proceedings for infringement.

Clauses 12—14.

[*For Clauses 12—14, as to non-amendment of specification, no other licences subsisting, and non-user &c. within district, use Licence III., ante.*]

Improvements, &c. by licensor to be included in this licence.

15. The licensor shall during the continuance of this licence give written notice to the licensees at the earliest opportunity of every improvement in or addition to the said invention or mode of

(f) As to the terms to be inserted in sub-licences, when the express power to grant them is conferred, see *ante*, pp. 215, 216, and *Sp. Cl. 33, ante*, p. 237.

(g) In *Henderson v. Mostyn Copper Co.*, L. R. 3 C. P. 202, it was held that reasonable notice that an infringement had taken place is necessary, in order to enable the patentee [or licensor] to take proceedings, and that reasonable time was necessary for completing the proceedings.

working the same or any discovery useful therefor that he may invent ascertain or make and be entitled to communicate and at the cost of the licensees as to journeys and other expenses (if any) out of pocket occasioned to him thereby and at such remuneration (if any) as the directors of the licensees may think fit to award him therefor communicate and explain to the manager or other agent or agents of the licensees or any workmen of theirs as and when reasonably required the nature of such improvement addition or discovery so as to enable them or him to make full and effective use of the same and permit the licensees to have the use thereof (whether it shall be or become patented or not) subject as nearly as can be to the covenants and conditions herein contained as if such improvement addition or discovery were part of the premises.

16. If the said letters patent shall from any cause whatever become wholly or as to some material part of the said invention void (notwithstanding that any judgment in revocation of the said letters patent to the extent aforesaid shall or shall not be appealed against (h)) or if the licensor shall commit a breach of any of his obligations hereunder other than in respect of commencing or carrying on proceedings for infringement as aforesaid and (where the breach is capable of being made good) shall for ——— days after he shall have been served with a notice in writing requiring him to make good the same omit so to do or shall commit or suffer any breach of his obligations under Clause 11 hereof in respect of commencing or carrying on proceedings for infringement and shall not make good such breach before the time when the licensees shall first become entitled to withhold or suspend payment of royalties or rents as provided by the same clause then the licensees may by notice in writing served on the licensor at any time thereafter but in the case of any such last mentioned breach only before the same shall (if capable thereof) be actually (if at all) made good determine this licence forthwith but such determination shall operate without prejudice to the recovery by the licensor of any rents or royalties then due or to any right of action by either party then accrued hereunder and in case of such determination the said rents shall be apportioned (if necessary) for the period less than a half-year which may have elapsed between the day of such determination and the end of the half-year last previous thereto (i).

17. If any royalties rents or other sums payable hereunder or any part thereof respectively shall be in arrear for two calendar months whether demanded or not or if the licensees or any of their assigns being a company shall commence to be wound up on account of their inability (as defined by section 80 of the Com-

PRAC. X.

Determina-
tion by
licensees if
patent void or
breaches by
licensor.

Revocation if
royalties in
arrear or com-
pany wound
up, &c.

(h) Use *Clause 2 of Licence VII., ante*, if thought fit as to the suspense of royalties during appeal. If such be intended, omit the matter in the brackets as to appeal. See *Sp. Cl.* 19, as to payment to trustees during proceedings.

(i) The Apportionment Act, 1870 (33 & 34 Vict. c. 35, ss. 1, 2), however, provides for such an apportionment. By sect. 2, the time for payment of the apportioned part would not be accelerated, but would be the same as fixed for the payment of the entirety.

Form. X.

panies Act 1862 or any statutory modification thereof for the time being) to pay their debts (*j*) or being a company or individuals or an individual shall not commence their or his business in relation to this licence within ——— calendar months from the date hereof or (being assigns aforesaid) shall not commence their or his said business within the like period from the date of the assignment to them or him of this licence or being a company or individuals or an individual having commenced their or his said business shall for any period of ——— calendar months consecutively cease practically to carry on the same or being individuals or an individual shall become bankrupt or commit an act of bankruptcy whether available for adjudication or not or if the licensees or their assigns shall make default in any obligation hereunder other than in respect of the payment of moneys and (in the case of a breach capable of being made good) shall for the space of ——— days after they shall have been served with a notice in writing by the licensor to make good the said breach neglect or omit so to do then the licensor at any time thereafter [and notwithstanding any merely implied waiver by him of his right so to do] may by notice in writing served on the licensees or their assigns or their liquidator liquidators or the trustees or trustee in bankruptcy as the case may require revoke this licence forthwith but such revocation shall operate without prejudice to the recovery by the licensor &c. [*As in last clause, but using "revocation" for "determination."*]

Acknowledgment and undertaking as to the letters patent. Notices how served.

18. The licensor hereby acknowledges the right of the licensees to production of the said letters patent &c. [*Use Licence III., ante, p. 253.*]

19. Any notice intended to be given or served hereunder on the licensees being a company shall be effectual if served according to the provisions (if any) as to services of notices in its articles of association but in any other case any notice intended to be given or served hereunder &c. [*Sp. Cl. 51, p. 242, ante.*]

Transmission clause.

20. Unless when the context requires a different construction the term "licensor" herein shall include the assigns of the person so designated and the term "licensees" herein shall include the assigns of the company so designated.

Arbitration clause.

21. If any difference shall arise &c. [*Arbitration Clause, Form 24, ante, p. 55.*]

IN WITNESS &c. (*k*).

THE SCHEDULE.

(*j*) Sect. 80 of the Companies Act, 1862 (25 & 26 Vict. c. 89) in effect declares that this inability shall be deemed to arise when the company, after service of notice, neglects for three weeks to pay or secure or compound for any debt exceeding 50*l.*; or if execution or other like process in England or Ireland issued on the judgment, &c. of any Court in favour of a creditor is returned unsatisfied; or the inducements of a charge for payment on an extract decree, &c., have expired without payment being made; or whenever it is proved to the Court that the company is unable to pay its debts. See Buckley's notes to this section.

(*k*) The licence should be registered. See note (*l*) to Licence I., *ante*, p. 246.

XI.

PREC. XI.

LICENCE (*exclusive*) for *England, Wales, and Isle of Man*—
 ROYALTIES and RENT—ROYALTIES on *Manufactures* by LICEN-
 SEE and his SUB-LICENSEES, and also on *Articles* AUTHORIZED
 to be SUPPLIED BY HIM ABROAD—RESERVATION to Licensor as
 to EXISTING ORDERS and FOREIGN CUSTOMERS, and the SUPPLY
 BY HIM to the LICENSEE for the FIRST YEAR of *Articles* to be
 sold on COMMISSION.

THIS INDENTURE made &c. BETWEEN A. B. of &c. (herein-
 after called "the licensor") of the one part and C. D. of &c.
 (hereinafter called "the licensee" of the other part: WHEREAS
 by letters patent &c. [pp. 49, 50]: AND WHEREAS the licensor has
 agreed to grant the licensee a sole and exclusive licence to use
 the said invention for the countries of England Wales and the
 Isle of Man with the reservations and upon the terms hereinafter
 appearing. NOW THIS INDENTURE WITNESSETH that
 in consideration of the royalties and rent hereinafter reserved and
 the covenants and conditions on the part of the licensee hereinafter
 contained the licensor doth hereby grant unto the licensee the full
 sole and exclusive licence right power and authority to make use
 exercise and vend the said invention and manufacture ———
 according to the specification thereof and also to sell the ———
 so manufactured within the countries of England Wales and the
 Isle of Man (hereinafter called "the said district"): EXCEPTING
 AND RESERVING unto the licensor and his assigns the right to
 manufacture the like articles according to the said specification at
 the works of the licensor at ——— aforesaid or other works (if
 any) of his for the time being in execution of all orders already
 received by him for the supply of such articles to persons in the
 said district and of all orders already or which hereafter may be
 received by him for the supply of such articles to persons in any
 part of the world outside the said district and for the supply of the
 like articles to the licensee for the space of one year from the date
 hereof to be sold by him upon commission as hereinafter pro-
 vided (a): To HAVE HOLD exercise and enjoy the said licence and
 premises unto and by the licensee and his assigns &c. [To end of the

Recitals.

Grant of
 patent and
 agreement for
 licence.

*First
 Testatum.*

Grant of
 exclusive
 licence for
 England,
 Wales, and
 Isle of Man.

Reservation
 to licensor for
 executing
 existing
 orders and for
 supplying
 foreign cus-
 tomers.

(a) The licensee is to be supposed not to be ready with the requisite plant,
 &c. See *Clause I.*

<p>PART. XI. Covenants as to validity and right to grant.</p>	<p><i>habendum, and then insert the covenants (qualified) as to the validity of the patent and right to grant</i>]. AND THIS INDENTURE ALSO WITNESSETH that in consideration of the premises it is declared as follows:—</p>
<p><i>Second Testatum.</i> Covenants and conditions. Licensee to commence manufacture, and purchase plant, &c. necessary.</p>	<p>1. The licensee shall within ——— calendar months from the date hereof commence the manufacture of ——— according to the said specification at his works at ——— aforesaid and accordingly shall purchase all necessary plant machinery fixtures utensils and other effects sufficient and suitable for the manufacture to the best advantage of ——— at least of the said articles half-yearly and shall set up the said effects at or place the same in the said works and shall at all times during the continuance of this licence keep the same in good working order and condition and supply all deficiencies therein respectively.</p>
<p>Royalties on articles manufactured by licensee or his sub-licensees. But a fixed half-yearly rent.</p>	<p>2. The licensee shall during the continuance of this licence pay to the licensor half-yearly on every ——— day of ——— and ——— day of ——— for every ——— manufactured by the licensee and his sub-licensees respectively hereunder in the half-years then ending respectively a royalty of ——— shillings and in case the total amount of royalties for any such half-year shall not amount to the sum of £A (hereinafter called "the rent") then such further sum in addition to such total amount of royalties as will equal the rent: PROVIDED ALWAYS that if the rent for any half-year aforesaid shall exceed the total amount of royalties for the same period the licensee shall be entitled for any one or more succeeding half-year or half-years (so far as necessary for the purpose) to a remission of so much of the latter excess as will make up to him the excess of payment made in the half-year for which the rent shall have exceeded the royalties due therefor as aforesaid.</p>
<p>Average clause.</p>	
<p>Licensor to supply articles for one year to be sold by licensee on commission.</p>	<p>3. The licensor shall supply and the licensee shall receive from him during one year from the date hereof all such articles manufactured by the licensor under the reservation hereinbefore contained not being less than ——— in number per calendar month which the licensee shall sell in the usual way of business and for the sale whereof he shall be entitled by way of commission to debit the licensor in the half-yearly accounts embracing the periods of sale thereof respectively with sums amounting to ——— per cent. of the selling prices thereof which prices shall be in accordance with the lists of gross prices for the time being exhibited or published by the licensor or such other prices as the parties hereto may agree upon: PROVIDED ALWAYS that in taking any such half-yearly account in respect of articles supplied by the licensor and sold by the licensee as aforesaid all expenses (if any) of carriage or delivery of the articles from the works of the licensor to the licensee paid by the latter shall be credited to the licensor (b).</p>
<p>Expenses of carriage, &c.</p>	
<p>Licensee on notice to supply foreign cus-</p>	<p>4. The licensee shall after the ——— day of ——— as and when required by the licensor in writing so to do manufacture or supply articles aforesaid for the licensor for the purpose only of his (the</p>

(b) As to delivery of goods, risks of transit, deterioration, and expenses of carriage, see notes (c), (d), and (e), to *Licence V., ante*.

licensor's) supplying the same to any of his foreign or colonial customers not exceeding however in number ——— per week unless the licensee being requested by the licensor so to do shall be willing to manufacture or supply any larger quantity and shall be entitled to charge the licensor for the said articles prices equal to ——— per cent. of the usual list or gross prices for the time being of the licensor charged by him to customers in the particular countries to which the said articles are intended to be exported less (as to such last mentioned prices) the usual deductions allowed by the licensor and all such articles shall at the expense of the licensor be delivered free on board ship at such ports in England as the licensor shall direct: PROVIDED ALWAYS that the licensor shall give the licensee one week's previous notice in writing for the supply of any such articles as last aforesaid where the quantity required at any one time is to be more than ——— but not more than ——— in number and where the quantity is to exceed the latter amount shall allow ——— days extra for any excess up to ——— in number and so on proportionately for any further excess: PROVIDED ALSO that the licensee shall not without the written consent of the licensor either directly or indirectly manufacture or supply any articles aforesaid for the use of any person or persons residing or for the purpose of transmission out of the district.

Para. XI.

customers of
licensor.
Prices
charged to
licensor
according to
his usual
prices less
discount.

But ample
notice to be
given to
licensee.

But licensee
shall not
otherwise
supply articles
for abroad.

5. Each party hereto shall during the continuance hereof keep at his usual place of business all proper books of account and make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for any of the purposes hereof of all transactions relating to the manufacture or sale by him of the said articles as aforesaid including as to the licensee the manufacture thereof by his sub-licensees (if any) and produce the said books so to be kept by him to the other of them or his agents or agent at all reasonable times for inspection and the taking copies or extracts therefrom and at his own expense obtain and give to the other of them or his agents or agent all such information as to any item or matter contained or which ought to be contained therein as shall be reasonably required.

Each party
to keep books
of account,
allow inspection,
&c.

6. The licensee shall at the end of each half-year aforesaid deliver or send to the licensor a statement in writing of all particulars of account between him and the licensor hereunder for the same half-year and shall if and when required by the licensor but at the expense of the latter verify or procure some fitting person in his employ to verify each such statement or any part or parts thereof by statutory declaration.

Delivery of
accounts and
verification.

7. Each article manufactured by either party as aforesaid shall as soon as manufactured bear a metal plate [or "label," or &c.] furnished by the licensor and shall bear a number designating the actual number of such articles then completed by him of which such article shall be the last completed and also an inscription and mark of the kind shown in the margin hereof as applicable to such party or such other inscription or mark as the licensor in order to avoid infringement of the trade mark of any other person may

Articles to be
stamped with
patent mark.

PART. XI.

Each party
may inspect
factories, &c.
of other
party.

think fit to adopt and he shall not retain or sell or part with the possession of any such article without the said plate [or "label," or &c.] being placed thereon and the licensee shall on each half-yearly day aforesaid or within twenty-one days thereafter pay or account for to the licensor for the said plates [or "labels," &c.] so furnished to him in the half-year then ended at the rate of ——— shillings per dozen including the costs of carriage and delivery thereof and the licensor shall execute all orders of the licensee for the supply to him thereof with all reasonable dispatch (c).

8. Either party hereto or his agents shall be at liberty at all reasonable times during the continuance of this licence and for the space of one calendar month after the same shall be determined or revoked to enter any place of the other party where the manufacture or sale of the said articles shall be carried on and inspect the same for the purpose of ascertaining the state or extent of such manufacture or sale and that all covenants by the other party hereunder have been or are being duly performed or observed and for finally winding up all accounts between the parties.

* * * * *

Clauses 9—16.

[For Clause 9, as to manufacture by the licensee only according to the specification, use Licence II., ante; and for Clauses 10—16, as to non-assignment, &c. without consent, and express power to grant sub-licences, including the provisoes (d), and as to not disputing the validity of the patent and detection, &c. of infringements, and assisting licensor, as to payment of fees and performance of conditions of patent, defence of patent and taking proceedings for infringement, non-amendment of the specification, and no other licences having been granted, use Licence III., ante, p. 251.]

* * * * *

Non-user, &c.
by licensor
within district
except as pro-
vided.

Licensor not
to engage in
like business
except under
the reserva-
tions herein.

Improve-
ments by
either party
to be for
benefit of
both.

17. The licensor shall not during the continuance of this licence except as is hereinbefore provided use or authorize any other person to use the said invention within the said district.

18. The licensor shall not within the said district during the continuance of this licence except according to the reservations hereinbefore contained either alone or in partnership &c. [*Sp. Cl. 47, ante, p. 241*].

19. Each party hereto shall during the continuance of this licence &c. [*Mutual covenant as to improvements, &c., as in Licence II., ante, p. 249, omitting any reference to "assigns," but stating at the end thereof that any improvement, &c. if made, &c. by the licensee, "shall be used by the licensor as to the said district to the extent only of the reservations hereinbefore contained as if the said improvement addition or discovery were part of the said invention"*].

* * * * *

(c) For other clauses relating to use of a patent mark or die, see *Sp. Cl. 23—27, ante, pp. 234—236*.

(d) As to the terms to be inserted in sub-licences, see *ante, pp. 215, 216, and Sp. Cl. 33, ante, p. 237*.

[For Clause 20, as to revocation of the licence, use *Licence III.*, PREC. XI.
ante, p. 252; and for Clause 21, as to the determination of the licence Remaining
 by the licensee if patent void or breaches, &c., use Clause 19 of clauses.
Licence IX., *ante*, p. 277; and for Clause 22, as to acknowledgment,
 &c., use *Licence III.*; and for arbitration and transmission clauses,
 use *C. F.* 24 and 25, *ante*, pp. 55, 56.]

IN WITNESS, &c. (e).

THE SCHEDULE.

(e) The licence should be registered. See last note to *Licence I.*, *ante*.
 For a clause as to service of notices, use *Sp. Cl.* 51, *ante*, p. 242.

PREC. XII.

XII.

SUB-LICENCE (EXCLUSIVE *for a District at Royalties (a)*).

Recitals.
The licence.

Agreement
for sub-
licence.

*First
Testatum.*
Grant of sub-
licence at
royalties for a
term of —

THIS INDENTURE made &c.: BETWEEN A. B. of &c. of the one part and C. D. of &c. of the other part: WHEREAS by a licence under seal dated &c. and made between X. Y. (therein and hereinafter called "the licensor") of the one part and the said A. B. (therein called "the licensee") of the other part the licensee is entitled to the sole and exclusive licence to use within &c. [*the district*] the invention mentioned together with the letters patent in respect thereof in the Schedule hereto and also every improvement in or addition to the said invention or new discovery useful for the manufacture of — made or acquired by the licensor for the residue of the term of fourteen years from the — day of — 18— comprised in the said letters patent and any extension thereof subject to the rent and royalties payable half-yearly on every — day of — and — day of — and to the covenants and conditions on the part of the licensee therein contained and to be performed and observed by him ^(b): AND WHEREAS the said A. B. has agreed to grant to the said C. D. a licence to use the said invention and all improvements additions or discoveries aforesaid within the town or district of &c. in the county of — as hereinafter defined for the term of — years from the date hereof if the said licence shall so long subsist upon the conditions hereinafter appearing. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the royalties hereinafter reserved and of the covenants and conditions on the part of the said C. D. hereinafter contained he the said A. B. doth

(a) Where the licence gives an express power to grant sub-licences, containing prescribed terms, reference should be made to pp. 215, 216, *ante*, (Express power, &c.), and *Sp. Cl. 33, ante*, p. 237. See also p. 214, *ante*, as to sub-licences generally.

(b) Where the licence prescribes some of the terms to be inserted in sub-licences, it may be well, unless brevity is desired, to recite these terms, as to which see pp. 215, 216, *ante*, and *Sp. Cl. 33, ante*, p. 237. The above recital might then be extended by adding, "and in particular to a covenant that the licensee will &c. and to a covenant that" &c., &c.

hereby grant unto the said C. D. (c) the full sole and exclusive licence liberty right power and authority within the town of _____ in the county of _____ and also to the extent of a radius of _____ miles from &c. (hereinafter called "the said district") to use the said invention and any other invention for the time being comprised in the said licence dated &c. and to manufacture articles thereunder respectively and to sell the same so manufactured: To HAVE HOLD exercise and enjoy the said licence and premises hereby granted unto and by the said C. D. for the term of _____ years herefrom if the said licence dated &c. shall so long subsist: AND the said A. B. doth hereby covenant with the said C. D. that notwithstanding anything by him the said A. B. done omitted or knowingly suffered the said licence dated &c. is now valid and subsisting and not void or voidable. And that notwithstanding anything as last aforesaid he the said A. B. now hath power to grant the premises in manner aforesaid (d). AND THIS INDENTURE ALSO WITNESSETH that in pursuance of the said agreement in this behalf and in consideration of the premises it is agreed and declared as follows:—

1. The said C. D. shall on the _____ day of _____ next (e) pay to the said A. B. or his assigns the royalty of _____ shillings for every article manufactured by the said C. D. hereunder up to that date and shall thenceforth for each half-year ending on the _____ day of _____ or _____ day of _____ during the continuance hereof pay to the said A. B. or his assigns the like royalty for every article so manufactured in such half-year.

2. The said C. D. shall keep at his usual place of business all proper books of account and make true and complete entries therein at the earliest opportunities of all particulars necessary or convenient for any of the purposes hereof or to enable the said A. B. or his assigns to keep and furnish accounts in respect of this licence in accordance with his covenant in this behalf in the said licence dated &c. contained of all transactions relating to the manufacture (f) of articles by the said C. D. hereunder and shall produce the said books &c. [*use Licence I., and the provision as to verification of accounts in Licence II.*].

3. The said C. D. shall at all times during the continuance of this licence perform and observe the covenants and conditions in the said licence dated &c. as to the use of the patent mark on all articles manufactured by him and manufacturing the same only

PREC. XII.
years if the
licence so long
subsist.

Covenants
(qualified)
as to validity
of licence and
right to
grant.

*Second
Testatum.*

Other cove-
nants and
conditions.

Royalties on
manufacture
on same half-
yearly days as
in licence.

Accounts, &c.

Sub-licencee
to perform,
&c. certain
covenants in
superior
licence.

(c) The sub-licence is to be supposed granted to the sub-licencee only, and not to his assigns, although there is a covenant not to assign &c. without consent. See p. 214, *ante*.

(d) Here add (if thought fit) a covenant not to invalidate the licence.

(e) That is, *not* one of the half-yearly days mentioned in the licence. Where the contrary is intended, vary the clause accordingly.

(f) The superior licence is to be supposed to provide for payment by the licensee of royalties on articles manufactured by his sub-licencees. This course is recommended in order to accelerate the settlement of accounts between licensor and licensee, notwithstanding that the licence provides for payment of royalties on articles *sold* by the licensee. As to this, see *ante*, p. 216.

Form. XII.

according to the specification and not disputing the validity of the said letters patent or other letters patent for the time being comprised in this licence (g) and shall at all times keep the said A. B. and his assigns effectually indemnified against all damages or costs occasioned by any breach by the said C. D. of this present covenant.

To pay the sub-licensor for plates bearing the patent mark.

4. The said C. D. shall on the ——— day of ——— next and thenceforth on every half-yearly day aforesaid during the continuance of this licence pay to the said A. B. or his assigns for all plates [or labels or &c.] bearing the patent mark obtained by him or them from the licensor or his assigns and furnished to the said C. D. at the rate of ——— shillings per dozen.

Power for sub-licensor to inspect factory.

5. The said A. B. and his assigns or his or their agents shall be at liberty at all reasonable times during the continuance of this licence &c. [*liberty to inspect factory, as in Licence II., ante, p. 248*].

Sub-licensor not to assign, &c. without consent.

6. The said C. D. shall not without the written consent of the said A. B. or his assigns assign or mortgage charge or otherwise incumber or grant any sub-licence in respect of this licence or attempt so to do.

To give notice of alleged infringements and assist in proceedings.

7. The said C. D. shall during the continuance hereof use his best endeavours to detect every suspected infringement of the said letters patent or other letters patent for the time being comprised in the said licence dated &c. and shall give the said A. B. or his assigns written notice thereof as soon as the said C. D. shall have suspected and also (if the case) ascertained the same and shall at the expense of the said A. B. or his assigns as to actual disbursements (if any) made or liabilities (if any) incurred thereby assist him or them in any proceedings undertaken (unrequested by the said C. D.) by him or them in respect thereof as shall be reasonably required (h).

Mutual covenant as to improvements.

8. Each party hereto shall during the continuance &c. [*mutual covenant as to improvements, as in Licence II., ante, p. 249, writing "for the use of both parties hereto or the assigns of the said A. B."*].

No other subsisting licences and non-user of invention in district by sub-licensor.

9. The said A. B. hath not heretofore granted for the said district any licence for use of the said invention or any other invention comprised in the said licence dated &c. and shall not nor shall his assigns during the continuation of this licence use the said invention or grant licences in respect thereof or authorize any person or persons whomsoever to use the said inventions or any of them within the said district.

Sub-licensor or licensor to proceed for infringements at request and cost of sub-licensor, &c.

10. The said A. B. or his assigns shall at all times during the continuance of this licence at the request and cost of the said C. D. commence and prosecute in the name or names of the said A. B. or his assigns or procure the licensor or his assigns to commence and prosecute all legal or other proceedings in respect of any infringement or suspected infringement of the said letters patent or other letters patent for the time being comprised in the said licence dated &c. committed or alleged to have been committed within the said district or at

(g) Add any other excepted covenants and conditions if necessary.

(h) See Clause 10, and note thereon.

the like cost in any case where the said A. B. or his assigns shall be entitled in his or their own name or names to commence and prosecute any such proceedings permit the said C. D. in the name or names of the said A. B. or his assigns so to do (i). PREC. XII.

11. If any royalties or other sums payable hereunder or any part thereof respectively shall be in arrear for twenty-one days whether demanded or not or if the said C. D. shall commit a breach of any of his other obligations hereunder (j) or shall become bankrupt or commit any act of bankruptcy whether available for adjudication or not the said A. B. or his assigns may by notice in writing served on the said C. D. revoke this licence without prejudice to the recovery by the said A. B. or his assigns of any moneys then already due or to any right of action by either party hereto or the assigns of the said A. B. for past breaches accrued hereunder. Power of A. B. to revoke on default in payment of royalties or on breaches or bankruptcy.

12. The said A. B. hereby acknowledges the right of the said C. D. to production of the said licence dated &c. and to the delivery and right to take copies of the same and undertakes for the safe custody thereof. Acknowledgment, &c. as to the licence.

IN WITNESS, &c. (k).

THE SCHEDULE.

(i) As to legal proceedings which may be taken by a licensee for infringements, whether in his own name or that of the licensor, see pp. 200, 201, *ante*.

(j) The reference appearing in the other precedents of licences (*ante*) as to giving notice to make good any breaches, may also be inserted here, if the superior licence does not provide to the contrary.

(k) The sub-licence should be registered. See last note to *Licence I.*, *ante*, p. 246. For a declaration as to service of notices use *Sp. Cl.* 51, *ante*, p. 242.

LIST OF MISCELLANEOUS PRECEDENTS.

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I.

POWER OF ATTORNEY *to take out a Foreign Patent.*

I.
Power of
attorney to
take out a
foreign
patent.

KNOW ALL MEN by these presents that I A. B. of &c. a British subject and the sole and original inventor of an invention which I have termed &c. [*title of the invention*] a short specification whereof is given at the end hereof and which specification is a true copy of the provisional specification furnished by me on my application at the British Patent Office on the ——— day of ——— last for letters patent in respect of the said invention DO HEREBY APPOINT C. D. of &c. my attorney in my name to apply in the empire of ——— for the grant to me of the sole and exclusive privilege and right within the said empire to use the said invention and make sell and otherwise deal with all articles and things that can be made by or with the application of the said invention and for the purpose aforesaid to prepare or cause to be prepared all necessary petitions specifications and other documents and (where necessary) to sign or execute the same in my name with all proper attestation and to present the same respectively to the proper officer or officers minister or ministers or lodge the same respectively at the proper office or offices and in my name to pay or contract to pay all proper fees and charges in connection with the application and to do and suffer all such other acts matters and things as shall by the law of the said empire be requisite for the above purpose in the same manner and to the same extent as far as possible as I myself would be enabled or required to do in case I had personally made the application and I hereby undertake to ratify and confirm all acts matters and things which may *bonâ fide* be done or suffered by the said C. D. by virtue of the authority hereby conferred on him and to keep him indemnified against all damage or loss which may be occasioned to him by reason of any such acts matters or things which may *bonâ fide* be done or suffered by him as aforesaid.

IN WITNESS, &c. (a).

THE SPECIFICATION *above referred to.*

(a) The power will, of course, be executed and attested according to the law of the country in which it is to be executed. Information on this can be obtained at a consulate or the embassy here for the particular country.

II.

II.
Bond to secure
a life annuity
to a licensor
as the con-
sideration for
the licence.

BOND to secure a LIFE ANNUITY to a LICENSOR as the consideration for the Licence (b).

KNOW ALL MEN by these presents that I C. D. of &c. am bound to A. B. of &c. in the sum of £—— (c) to be paid to him or his certain attorney or assigns: FOR WHICH PAYMENT I bind myself (d) by these presents: SEALED with my seal. Dated this —— day of —— 18—: WHEREAS by letters patent &c. [*Recite grant of patent to A. B.*]: AND WHEREAS the said A. B. has agreed with the said C. D. for the grant to him of an exclusive licence to use the said invention for &c. [*the district*] for the residue of the said term in consideration of these presents being executed by the said C. D. for the purpose of securing to the said A. B. during his life or until the said licence shall by any means whatever (if at all) other than by effluxion of time become determined: AND WHEREAS the said licence is already engrossed and is expressed to be of the above date and to be made between the said A. B. of the one part and the said C. D. of the other part and is intended to be executed immediately after the execution hereof and contains a power to each of them the said A. B. and C. D. to revoke or determine the same in certain events respectively and also a provision that the said licence shall also become void if the said letters patent shall from any cause become wholly or as to some material part of the said invention void: NOW THE CONDITION of the above bond is that if the said C. D. shall pay to the said A. B. during his life or until the said licence shall by any means whatever (if at all) other than by effluxion of time become determined an annuity of £—— by equal half-yearly payments on the —— day of —— and —— day of —— in every year commencing with the —— day of —— next together with the proper proportionate part of the said annuity for the time (if any) which shall elapse between the last of such half-yearly days and the date of the death of the said A. B. or sooner determination (if any) of the said annuity as aforesaid (e): THEN AND IN SUCH CASE the said bond shall be void otherwise the same shall remain in full force.

IN WITNESS, &c.

(b) For the form of such a licence, see *Licence VIII.*, ante, p. 271.

(c) The penal sum.

(d) The heirs are bound, though not mentioned. (Conveyancing Act, 1881, s. 59, Appendix, post, p. 381.) Before the Act, the real estate, although bound in the hands of the heir or devisee, could only be reached by an administration action or suit, unless the heirs were expressly named in the bond. See 3 & 4 Will. IV. c. 104, and 32 & 33 Vict. c. 46.

(e) The Apportionment Act, 1870 (33 & 34 Vict. c. 35), provides, however, for this apportionment.

III.

DEED OF COMMUTATION of *Royalties reserved in a Licence* (f).

THIS INDENTURE made &c.: BETWEEN A. B. of &c. (hereinafter called "the licensor") of the one part and C. D. of &c. (hereinafter called "the licensee") of the other part: WHEREAS by a licence under seal dated &c. the licensor granted unto the licensee and his assigns the sole and exclusive licence for the term of &c. to use exercise and vend within the [district] a certain invention called &c. for which letters patent dated &c. and numbered &c. had been granted unto the licensor and in the said licence were reserved unto the licensor royalties at the rate of — shillings for &c. payable half-yearly on every — day of — and — day of — and it was thereby provided that at any time from and after the — day of — 18— the licensee should be at liberty to commute the payment of any future royalties aforesaid on his satisfying all previous royalties or other sums then due thereunder and paying to the licensor such further sum of money as therein mentioned: AND WHEREAS the licensee hath up to the date hereof duly paid all royalties and other sums due by him to the licensor under the said licence and also duly performed and observed his other obligations under the said licence: AND WHEREAS the licensor hath agreed with the licensee that all future royalties which might become payable under the said licence shall be commuted for the sum of £— payable forthwith and in consideration of payment of such sum to execute such release as is hereinafter contained. NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement and in consideration of the sum of £— now paid to the licensor by the licensee (the receipt whereof is hereby acknowledged) he the licensor doth hereby release the licensee from the payment of all royalties which might but for these presents become payable hereafter under the hereinbefore recited licence dated &c.: AND THE LICENSOR doth hereby covenant with the licensee that notwithstanding anything by him done omitted or knowingly suffered the said letters patent are now valid and subsisting and not void or voidable and that notwithstanding as aforesaid he the licensor hath power to release the licensee in manner aforesaid from the payment of the said royalties.

IN WITNESS, &c. (g).

III.
Deed of commutation of royalties reserved in a licence.

Recitals.
The licensee.

Payment of royalties and satisfaction of other obligations up to date.
Agreement to commute.

Testatum.
Release of future royalties for a sum now paid.

Covenant by licensor as to validity of patent and right to release the royalties.

(f) As to commutation of royalties, see *ante*, p. 207.

(g) The deed should be notified on the register as containing matter affecting the legal proprietorship of the patent. See sect. 23 of the Act of 1883, Appendix, *post*, p. 313. The deed is also a variation of the licence, which, we may suppose, has been previously registered.

IV.

IV.
Memorandum
to be entered
on register as
to the revoca-
tion of a
licence.

MEMORANDUM *to be notified on Register as to the REVOCATION of a Licence.*

BE IT KNOWN from me A. B. of &c. that the licence dated &c. and made between myself of the one part and C. D. of &c. of the other part granted by me to the said C. D. of the inventions mentioned together with the letters patent and other patent rights relating to the same in the schedule hereto did on the ——— day of ——— last absolutely determine and that the said inventions letters patent and other patent rights are now vested in me [and my licensees] free from the said licence and any sub-licences granted by the said C. D. and I enter this notification by virtue of Clause ——— of the said agreement.

As witness my hand this ——— day of ——— 18—.

THE SCHEDULE.

V.

V.
Notice of
revocation of
a licence
(where no
breach).

NOTICE of REVOCATION of a Licence *(where no breach).*

To C. D. of &c.

I HEREBY in exercise of the power given me by Clause ——— of the licence dated &c. granted by me to you under the letters patent dated &c. and numbered &c. for [*title of invention*] give you notice that the said licence shall determine and stand revoked as from the ——— day of ——— next.

Dated &c.

[*Signature*].

VI.

NOTICE *by a Licensee to DETERMINE the Licence.*

To A. B. of &c.

I HEREBY in exercise of the power given me by Clause — of the licence dated &c. granted to me by you under the letters patent dated &c. and numbered &c. for [*title of invention*] give you notice that the said licence shall as from the — day of — next absolutely determine and cease to be binding on me.

Dated &c.

[*Signature*].

VI.
Notice by a
licensee to
determine the
licence.

VII.

NOTICE *to MAKE GOOD a BREACH OF COVENANT.*

To C. D. of &c.

I HEREBY give you notice to make good within — days from the date hereof the breach committed by you in or about September last of your covenant to &c. [*shortly state nature of covenant*] which covenant is contained in the licence dated &c. granted by me to you under the letters patent dated &c. for [*title of invention*] (*h*).

Dated &c.

[*Signature*].

VII.
Notice to
make good a
breach of
covenant.

(*h*) See next precedent for a notice of revocation of the licence in consequence of the failure to comply with the above notice.

VIII.

VIII.
Notice of
revocation of
a licence for
breach of
covenant.

NOTICE *of* REVOCATION *of a Licence for* BREACH OF COVENANT.

To C. D. of &c.

I HEREBY give you notice that in consequence of the breach by you in or about the month of September last of your covenant to &c. [*here shortly state the nature of the covenant*] which covenant is contained in the licence dated &c. granted by me to you under the letters patent dated &c. numbered &c. for [*title of invention*] (i) and of your non-compliance with the notice in writing dated &c. served by me on you by which I required you to make good the said breach within ——— days from the date of such notice the said licence shall determine and stand revoked as from the day next after the date hereof.

Dated &c.

[*Signature*].

(i) Omit the reference to the previous notice if inapplicable. See *ante*, pp. 218, 219. For the form of such a previous notice, see last Precedent.

IX.

NOTICE of CONTENTS of SUB-LICENCE (j).

To. A. B. of &c.

IX.
Notice of
contents of
sub-licence.

Sir,

A. B.'s Patent—Licence to C. D. (Self)—Sub-licence to E. F.

The following are the short particulars of a sub-licence granted by me on the _____ day of _____ last to E. F. of &c. [but not to his assigns].

Date (as above), Parties, Self & E. F., District, the Town of _____ and 10 miles from the Town Hall: To MANUFACTURE [the patent articles] for _____ years from the same date at the following royalties payable half-yearly every _____ day of _____ and _____ day of _____ namely [state the royalties].

The covenants by the sub- licensee are (amongst others) to pay the royalties on the half-yearly days to keep regular accounts and on same days to furnish full statements of manufacture and sales not to assign inumber grant sub- licences in respect of or otherwise part with the possession or control of the sub- licence or attempt so to do to give speedy notice to the sub- licensor of suspected or ascertained infringements of the patent within the district and assist the sub- licensor in any proceedings on account thereof to perform and observe the covenants in the licence to use the patent mark not to dispute the validity of the patent and to manufacture only according to the specification. There is also a Proviso for revocation of the sub- licence on default for _____ days in the payment of any royalties or on the breach by the sub- licensee of any other of his obligations.

Dated &c.

[Signature].

(j) See pp. 215, 216, *ante*.

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STATUTE OF MONOPOLIES.

21 JAC. I. c. 3 (*in part*) (a).

An Act concerning Monopolies and Dispensations, with Penal Laws and the Forfeitures thereof. [A.D. 1623.]

1. All monopolies, commissions, grants, licences, charters, and letters patent heretofore or hereafter made or granted to any person, body politic, or corporate, for the sole buying, selling, making, working, or using of anything within this realm or the dominion of Wales, or of any other monopolies, or of power, liberty or faculty to dispense with any others, or to give licence or toleration to do, use or exercise anything against the tenor or purport of any law or statute, or to give or make any warrant for any such dispensation, licence or toleration to be had or made, or to agree or compound with any others for any penalty or forfeiture limited by any statute, or of any grant or promise of the benefit, profit or commodity of any forfeiture, penalty, or sum of money that is or shall be due by any statute before judgment thereupon had; and all proclamations, inhibitions, restraints, warrants of assistance, and all other matters and things whatsoever any way tending to the instituting, erecting, strengthening, furthering or countenancing of the same, or any of them, are altogether contrary to the laws of this realm, and so are and shall be utterly void and of none effect, and in nowise to be put in use or execution.

Monopolies, &c., declared illegal and void.

6. Provided that any declaration before mentioned shall not extend to any letters patent and grants of privilege for the term of fourteen years or under hereafter to be made of the sole working or making of any manner of new manufactures within this realm to the true and first inventor and inventors of such manufactures, which others at the time of making such letters patent and grants shall not use, so as also they be not contrary to the law nor mischievous to the state, by raising prices of commodities at home, or hurt of trade, or generally inconvenient, the said fourteen years to be accounted from the date of the first letters patent or grants of such privilege hereafter to be made, but that the same shall be of such force as they should be if this Act had never been made, and of none other.

Except letters patent for new inventions for fourteen years or under.

(a) This Act is referred to in the *Introductory Chapter*, *ante*, pp. 2, 3, 11.

Act not to extend to grants, &c., confirmed by existing acts of parliament so long as latter are in force.

Act not to extend to warrants or privy seals to judges and justices to compound for forfeitures.

Like saving as to City of London and corporate bodies in respect of charters, grants, or letters patent for maintenance, &c., of trade.

7. Provided also that this Act or anything therein contained shall not in anywise extend or be prejudicial to any grant or privilege, power or authority whatsoever heretofore made, granted, allowed, or confirmed by any Act of Parliament now in force, so long as the same shall so continue in force.

8. Provided also that this Act shall not extend to any warrant or privy seal made or directed, or to be made or directed by his Majesty, his heirs or successors, to the justices of the Courts of King's Bench or Common Pleas and Barons of the Exchequer, justices of assize, justices of *oyer and terminer* and gaol delivery, justices of the peace and other justices for the time being, having power to hear and determine offences done against any penal statute, to compound for the forfeitures of any penal statute depending in suit and question before them or any of them respectively after plea pleaded by the party defendant.

9. Provided also that this Act or anything therein contained shall not in anywise extend or be prejudicial unto the City of London, or to any city, borough or town corporate within this realm for or concerning any grants, charters or letters patent to them or any of them made or granted, or for or concerning any custom or customs used by or within them, or any of them, or unto any corporations, companies, or fellowships of any art, trade, occupation or mystery, or to any companies or societies of merchants within this realm, erected for the maintenance, enlargement or ordering of any trade or merchandize; but that the same charters, customs, corporations, companies, fellowships and societies, and their liberties, privileges, powers and immunities shall be and continue of such force and effect as they were before the making of this Act and of none other; anything before in this Act contained to the contrary in anywise notwithstanding.

PATENTS, DESIGNS, AND TRADE MARKS ACT, 1833.

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46 & 47 VICT. c. 57.

An Act to amend and consolidate the Law relating to Patents for Inventions, Registration of Designs, and of Trade Marks.

[25th August, 1883.]

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :

PART I.—PRELIMINARY.

1. This Act may be cited as the Patents, Designs, and Trade Marks Act, 1883.

2. This Act is divided into parts, as follows :—

Part I.—PRELIMINARY.

Part II.—PATENTS.

Part III.—DESIGNS.

Part IV.—TRADE MARKS.

Part V.—GENERAL.

Division of
Act into
parts.

3. This Act, except where it is otherwise expressed (a), shall commence from and immediately after the thirty-first day of December one thousand eight hundred and eighty-three.

Commence-
ment of Act.

(a) See the savings in sect. 45 (existing patents) and sect. 113 (repeal of acts).

PART II.—PATENTS.

Application for and Grant of Patent.

4.—(1.) Any person, whether a British subject or not, may make an application for a patent (b).

Persons
entitled to
apply for
patent.

(2.) Two or more persons may make a joint application for a patent, and a patent may be granted to them jointly (c).

(b) As to who may apply for a patent and the devolution of the right to apply, and as to the joinder of co-applicants by amendment, see *ante*, pp. 10, 11.

(c) As to the position *inter se* of joint grantees or co-owners of a patent, see *ante*, pp. 118 *et seq.*

By sect. 5 of the Amendment Act of 1885 (*post*, p. 333), it is declared to the effect that the grant under the Act of 1883 to several persons jointly, some or one of whom only were, was, are, or is the true and first inventors or inventor, was and is lawful.

**Application
and speci-
fication.**

5.—(1.) An application for a patent must be made in the form set forth in the First Schedule to this Act, or in such other form as may be from time to time prescribed (*d*); and must be left at, or sent by post to, the patent office in the prescribed manner (*e*).

(2.) An application must contain a declaration (*f*) to the effect that the applicant is in possession of an invention, whereof he, or in the case of a joint application, one or more of the applicants, claims or claim to be the true and first inventor or inventors (*g*), and for which he or they desires or desire to obtain a patent; and must be accompanied by either a provisional or complete specification.

(3.) A provisional specification must describe the nature of the invention, and be accompanied by drawings, if required (*h*).

(4.) A complete specification, whether left on application or subsequently, must particularly describe and ascertain the nature of the invention, and in what manner it is to be performed, and must be accompanied by drawings, if required (*i*).

(5.) A specification, whether provisional or complete, must commence with the title, and in the case of a complete specification must end with a distinct statement of the invention claimed (*j*).

(*d*) New forms have been prescribed under P. R. 1883, rr. 6, 8, 9, 10, which are now superseded by Forms A and A1 (*post*, pp. 358, 359), under P. R. 1885, rr. 4, 7.

(*e*) See P. R. 1883, r. 19, *post*, p. 337.

(*f*) This may be either statutory or not as from time to time prescribed (sect. 2 of Act of 1885, *post*, p. 332).

(*g*) See note (*c*) to last section as to sect. 5 of the Act of 1885. The term "inventor" includes "importer" from abroad (*ante*, pp. 2, 10).

(*h*) See *ante*, p. 13, as to the nature of a provisional specification, which is the same as under the late practice, except that it need not be under seal. See present Form B. (*post*, p. 360), under P. R. 1885, superseding Form B. under P. R. 1883. As to drawings, see *post*, p. 338, n.

(*i*) The drawings, if accompanying the provisional specification, need only be referred to, and not accompany the complete specification (sect. 2 of the Act of 1885, *post*, p. 333). As to the nature of a complete specification under the late practice, see *ante*, p. 5. A complete specification need not be under seal (see Form C., *post*, p. 360). As to drawings, see p. 338, n.

(*j*) This claim was not required under the old law. See *ante*, p. 12, n. (*f*).

**Reference of
application to
examiner.**

6. The comptroller shall refer every application to an examiner, who shall ascertain and report to the comptroller whether the nature of the invention has been fairly described, and the application, specification, and drawings (if any) have been prepared in the prescribed manner, and the title sufficiently indicates the subject-matter of the invention.

**Power for
comptroller to
refuse ap-
plication or
require
amendment.**

7.—(1.) If the examiner reports that the nature of the invention is not fairly described, or that the application, specification or drawings has not or have not been prepared in the prescribed manner, or that the title does not sufficiently indicate the subject-matter of the invention, the comptroller may require that the application, specification or drawings be amended before he proceeds with the application.

(2.) Where the comptroller requires an amendment, the applicant may appeal from his decision to the law officer.

(3.) The law officer shall, if required, hear the applicant and the

comptroller, and may make an order determining whether and subject to what conditions, if any, the application shall be accepted.

(4.) The comptroller shall, when an application has been accepted, give notice thereof to the applicant.

(5.) If after an application has been made, but before a patent has been sealed, an application is made, accompanied by a specification bearing the same or a similar title, it shall be the duty of the examiner to report to the comptroller whether the specification appears to him to comprise the same invention; and if he reports in the affirmative, the comptroller shall give notice to the applicants that he has so reported.

(6.) Where the examiner reports in the affirmative, the comptroller may determine, subject to an appeal to the law officer, whether the invention comprised in both applications is the same, and if so he may refuse to seal a patent on the application of the second applicant.

8.—(1.) If the applicant does not leave a complete specification with his application, he may leave it at any subsequent time within nine months from the date of application (*k*).

Time for leaving complete specification.

(2.) Unless a complete specification is left within that time the application shall be deemed to be abandoned (*l*).

(*k*) Another month or less may be allowed on payment of the prescribed fee (sect. 3 of the Act of 1885, *post*, p. 332).

(*l*) Where an application has been abandoned, the specification and drawings shall not at any time be open to public inspection or be published by the comptroller (sect. 4 of the Act of 1885, *post*, p. 332). The abandonment must be before the acceptance of the complete specification, as publication takes place on such acceptance (sect. 10, *post*). Under the old law, the abandonment of proceedings commenced with a provisional specification did not establish publication (*Oxley v. Holden*, 8 C. B. N. S. 666). After such an abandonment, the applicant may, it is presumed, make a new application, if he does not between the date of the abandonment and that of the new application make a public use of the invention (see *ante*, pp. 13, 14; and sect. 14, *post*).

"Month" means "calendar month" (13 & 14 Vict. c. 21, s. 4).

9.—(1.) Where a complete specification is left after a provisional specification, the comptroller shall refer both specifications to an examiner for the purpose of ascertaining whether the complete specification has been prepared in the prescribed manner, and whether the invention particularly described in the complete specification is substantially the same as that which is described in the provisional specification.

Comparison of provisional and complete specification.

(2.) If the examiner reports that the conditions hereinbefore contained have not been complied with, the comptroller may refuse to accept the complete specification unless and until the same shall have been amended to his satisfaction; but any such refusal shall be subject to appeal to the law officer.

(3.) The law officer shall, if required, hear the applicant and the comptroller, and may make an order determining whether and subject to what conditions, if any, the complete specification shall be accepted (*m*).

(4.) Unless a complete specification is accepted within twelve months from the date of application (*n*), then (save in the case of an appeal having been lodged against the refusal to accept) the application shall, at the expiration of those twelve months, become void.

(5.) Reports of examiners shall not in any case be published or be open to public inspection, and shall not be liable to production or inspection in any legal proceeding, other than an appeal to the law officer under this Act, unless the court or officer having power to order

discovery in such legal proceeding shall certify that such production or inspection is desirable in the interests of justice, and ought to be allowed.

(*m*) It is presumed that, notwithstanding the investigation at the office prior to the acceptance of the complete specification, the patent will still be liable to be revoked for the insufficiency of the specification (see *Lawson*, 10; and *ante*, pp. 20, 21).

(*n*) This period is extendible to three months longer at most by sect. 3 of Act of 1885, *post*, p. 332.

Advertise-
ment on ac-
ceptance of
complete
specification.

10. On the acceptance of the complete specification the comptroller shall advertise the acceptance; and the application and specification or specifications with the drawings (if any) shall be open to public inspection (*o*).

(*o*) See rr. 25, 26, *post*, p. 338. As to complete protection and patent rights afforded by the acceptance of a complete specification, see sect. 15, *post*, and *ante*, p. 15.

Opposition to
grant of
patent.

11.—(1.) Any person may at any time within two months from the date of the advertisement of the acceptance of a complete specification give notice at the patent office of opposition to the grant of the patent on the ground of the applicant having obtained the invention from him, or from a person of whom he is the legal representative, or on the ground that the invention has been patented in this country on an application of prior date, or on the ground of an examiner having reported to the comptroller that the specification appears to him to comprise the same invention as is comprised in a specification bearing the same or a similar title and accompanying a previous application, but on no other ground (*p*).

(2.) Where such notice is given the comptroller shall give notice of the opposition to the applicant, and shall, on the expiration of those two months, after hearing the applicant and the person so giving notice, if desirous of being heard, decide on the case, but subject to appeal to the law officer.

(3.) The law officer shall, if required, hear the applicant and any person so giving notice and being, in the opinion of the law officer, entitled to be heard in opposition to the grant, and shall determine whether the grant ought or ought not to be made.

(4.) The law officer may, if he thinks fit, obtain the assistance of an expert, who shall be paid such remuneration as the law officer, with the consent of the Treasury, shall appoint.

(*p*) Prior public user, want of utility, or an objection that the invention is not properly the subject-matter of a patent, was formerly, but is not now, a ground of opposition to the grant (see *Lawson*, 11, and cases there cited), but may be one for revocation of a patent (see sect. 26, *post*, and *ante*, pp. 20, 21, as to revocation of patents).

Sealing of
patent.

12.—(1.) If there is no opposition, or, in case of opposition, if the determination is in favour of the grant of a patent, the comptroller shall cause a patent to be sealed with the seal of the patent office.

(2.) A patent so sealed shall have the same effect as if it were sealed with the great seal of the United Kingdom.

(3.) A patent shall be sealed as soon as may be, and not after the expiration of fifteen months from the date of application (*q*), except in the cases hereinafter mentioned, that is to say—

(a) Where the sealing is delayed by an appeal to the law officer, or by opposition to the grant of the patent, the patent may be sealed at such time as the law officer may direct.

- (b) If the person making the application dies before the expiration of the fifteen months (*r*) aforesaid, the patent may be granted to his legal representative and sealed at any time within twelve months after the death of the applicant.

(*q*) See, however, sect. 3 of the Act of 1885 (*post*, p. 332). It is there provided that if the comptroller allows extra time for leaving or accepting the complete specification (not exceeding one month and three months respectively) a further extension of four months is allowed for sealing in addition to the fifteen months.

(*r*) It is presumed that the extension of time as to sealing as last referred to will also apply as to the death of the applicant.

13. Every patent shall be dated and sealed as of the day of the application (*s*): Provided that no proceedings shall be taken in respect of an infringement committed before the publication of the complete specification: Provided also, that in case of more than one application for a patent for the same invention, the sealing of a patent on one of those applications shall not prevent the sealing of a patent on an earlier application (*t*). Date of patent.

(*s*) *Semble*, no legal assignment can be made of the patent or any legal interest therein (other than a licence), before the *actual* date of the sealing of the patent (*ante*, p. 24). As to licences granted before the sealing being legal grants, see also p. 24.

(*t*) As to rival applications at different dates for the same invention, see Lawson, pp. 16—19, and cases under old law there cited.

Provisional Protection.

14. Where an application for a patent in respect of an invention has been accepted, the invention may during the period between the date of the application and the date of sealing such patent be used and published without prejudice to the patent to be granted for the same; and such protection from the consequences of use and publication is in this Act referred to as provisional protection (*u*). Provisional protection.

(*u*) On this section generally, see *ante*, pp. 13, 14; and as to the nature of provisional protection under the old law (which is the same as under this Act), see *ante*, p. 4. See also note (*t*) of sect. 8, *ante*, as to abandonment of applications. The period of protection above stated will of course be determined on the abandonment of the application, whether under sect. 8 or otherwise.

Protection by Complete Specification.

15. After the acceptance of a complete specification and until the date of sealing a patent in respect thereof, or the expiration of the time for sealing, the applicant shall have the like privileges and rights as if a patent for the invention had been sealed on the date of the acceptance of the complete specification: Provided that an applicant shall not be entitled to institute any proceeding for infringement unless and until a patent for the invention has been granted to him (*v*). Effect of acceptance of complete specification.

(*v*) See *ante*, pp. 5, 15.

Patent.

16. Every patent when sealed shall have effect throughout the United Kingdom and the Isle of Man (*w*). Extent of patent.

(*w*) The Channel Islands were included in former patents.

17.—(1.) The term limited in every patent for the duration thereof shall be fourteen years from its date (*x*). Term of patent.

(2.) But every patent shall, notwithstanding anything therein or in this Act, cease if the patentee fails to make the prescribed payments within the prescribed times(y).

(3.) If, nevertheless, in any case, by accident, mistake or inadvertence, a patentee fails to make any prescribed payment within the prescribed time, he may apply to the comptroller for an enlargement of the time for making that payment.

(4.) Thereupon the comptroller shall, if satisfied that the failure has arisen from any of the above-mentioned causes, on receipt of the prescribed fee for enlargement, not exceeding ten pounds, enlarge the time accordingly, subject to the following conditions:

(a.) The time for making any payment shall not in any case be enlarged for more than three months.

(b.) If any proceeding shall be taken in respect of an infringement of the patent committed after a failure to make any payment within the prescribed time, and before the enlargement thereof, the Court before which the proceeding is proposed to be taken may, if it shall think fit, refuse to award or give any damages in respect of such infringement.

(z) The day of the date of the patent is the first day of the term of fourteen years, so that the corresponding day at the end of the fourteenth year will be just beyond the term (*Russell v. Ledsam*, 14 Mees. & Wels. 574).

(y) See P. R. 1883, r. 4, and P. R. 1885, r. 3, and Schedules of Fees, pp. 329, 344, 357, *post*.

Amendment of Specification.

Amendment
of specifica-
tion.

18.—(1.) An applicant or a patentee may, from time to time, by request in writing left at the patent office, seek leave to amend his specification, including drawings forming part thereof, by way of disclaimer, correction, or explanation, stating the nature of such amendment and his reasons for the same (z).

(2.) The request and the nature of such proposed amendment shall be advertised in the prescribed manner, and at any time within one month from its first advertisement any person may give notice at the patent office of opposition to the amendment.

(3.) Where such notice is given the comptroller shall give notice of the opposition to the person making the request, and shall hear and decide the case subject to an appeal to the law officer.

(4.) The law officer shall, if required, hear the person making the request and the person so giving notice, and being in the opinion of the law officer entitled to be heard in opposition to the request, and shall determine whether and subject to what conditions, if any, the amendment ought to be allowed.

(5.) Where no notice of opposition is given, or the person so giving notice does not appear, the comptroller shall determine whether and subject to what conditions, if any, the amendment ought to be allowed.

(6.) When leave to amend is refused by the comptroller, the person making the request may appeal from his decision to the law officer.

(7.) The law officer shall, if required, hear the person making the request and the comptroller, and may make an order determining whether, and subject to what conditions, if any, the amendment ought to be allowed.

(8.) No amendment shall be allowed that would make the specification, as amended, claim an invention substantially larger than or substantially different from the invention claimed by the specification as it stood before amendment.

(9.) Leave to amend shall be conclusive as to the right of the party to make the amendment allowed, except in case of fraud; and the amendment shall in all courts and for all purposes be deemed to form part of the specification.

(10.) The foregoing provisions of this section do not apply when and so long as any action for infringement or other legal proceeding in relation to a patent is pending (a).

(z) As to this and other sub-sections, and the effect of amendments, see *ante*, pp. 18, 19. As to the amendment by disclaimer under the old law, and effect thereof, see *ante*, pp. 6—8.

(a) See next section as to disclaimer during an action for infringement or proceedings for revocation.

19.—(1.) In an action for infringement of a patent, and in a proceeding for revocation of a patent, the Court or a judge may at any time order that the patentee shall, subject to such terms as to costs and otherwise as the Court or a judge may impose, be at liberty to apply at the patent office for leave to amend his specification by way of disclaimer, and may direct that in the meantime the trial or hearing of the action shall be postponed (b).

Power to
disclaim part
of invention
during action,
&c.

(b) See sub-sect. 10 of last section, and P. R. 56, *post*, p. 341, and *ante*, p. 18, n.

20. Where an amendment by way of disclaimer, correction, or explanation, has been allowed under this Act, no damages shall be given in any action in respect of the use of the invention before the disclaimer, correction, or explanation, unless the patentee establishes to the satisfaction of the Court that his original claim was framed in good faith and with reasonable skill and knowledge.

Restriction on
recovery of
damages.

21. Every amendment of a specification shall be advertised in the prescribed manner.

Advertise-
ment of
amendment.

Compulsory Licences.

22. If on the petition of any person interested it is proved to the Board of Trade that by reason of the default of a patentee to grant licences on reasonable terms—

Power for
Board to
order grant
of licences.

- (a.) The patent is not being worked in the United Kingdom; or
 - (b.) The reasonable requirements of the public with respect to the invention cannot be supplied; or
 - (c.) Any person is prevented from working or using to the best advantage an invention of which he is possessed,
- the Board may order the patentee to grant licences on such terms as to the amount of royalties, security for payment, or otherwise, as the Board, having regard to the nature of the invention and the circumstances of the case, may deem just, and any such order may be enforced by mandamus.

Register of Patents.

23.—(1.) There shall be kept at the patent office a book called the Register of Patents, wherein shall be entered the names and addresses of grantees of patents, notifications of assignments and of transmissions of patents, of licences under patents, and of amendments, extensions, and revocations of patents, and such other matters affecting the validity or proprietorship of patents as may from time to time be prescribed (c).

Register of
patents.

(2.) The register of patents shall be *prima facie* evidence of any matters by this Act directed or authorised to be inserted therein.

(3.) Copies of deeds, licences, and any other documents affecting the proprietorship in any letters patent or in any licence thereunder, must be supplied to the comptroller in the prescribed manner for filing in the patent office.

(c) The section should be read in connection with sects. 85 and 87, *post*.

As to registration under the new practice, and what documents may be registered, and the rectification of the register, see *ante*, pp. 23—25. As to registration under the old practice, see *ante*, pp. 8, 9.

By sect. 114, *post*, the registers under the old practice are to be deemed parts of the same book as the register of patents now in use.

As to registration of assignments and licences respectively, see also *ante*, p. 132.

Fees.

Fees in
schedule.

24.—(1.) There shall be paid in respect of the several instruments described in the Second Schedule to this Act, the fees in that schedule mentioned, and there shall likewise be paid, in respect of other matters under this part of the Act, such fees as may be from time to time, with the sanction of the Treasury, prescribed by the Board of Trade; and such fees shall be levied and paid to the account of Her Majesty's Exchequer in such manner as the Treasury may from time to time direct (d).

(2.) The Board of Trade may from time to time, if they think fit, with the consent of the Treasury, reduce any of those fees.

(d) As to fees, see P. R. 1883, r. 4 (*post*, p. 335), and P. R. 1885, r. 3 (*post*, p. 356), and schedules to same rules, pp. 341, 357.

As to the last day for the payment of any fee falling on Christmas Day, Good Friday, or on a Saturday or Sunday, or Bank Holiday, or day of public fast or thanksgiving, see sect. 98, *post*, p. 323.

Extension of Term of Patent.

Extension of
term of patent
on petition to
Queen in
Council.

25.—(1.) A patentee may, after advertising in manner directed by any rules made under this section his intention to do so, present a petition to Her Majesty in Council, praying that his patent may be extended for a further term; but such petition must be presented at least six months before the time limited for the expiration of the patent.

(2.) Any person may enter a caveat, addressed to the Registrar of the Council at the Council Office, against the extension.

(3.) If Her Majesty shall be pleased to refer any such petition to the Judicial Committee of the Privy Council, the said Committee shall proceed to consider the same, and the petitioner and any person who has entered a caveat shall be entitled to be heard by himself or by counsel on the petition.

(4.) The Judicial Committee shall, in considering their decision, have regard to the nature and merits of the invention in relation to the public, to the profits made by the patentee as such, and to all the circumstances of the case.

(5.) If the Judicial Committee report that the patentee has been inadequately remunerated by his patent, it shall be lawful for Her Majesty in Council to extend the term of the patent for a further term not exceeding seven, or in exceptional cases fourteen, years; or to order the grant of a new patent for the term therein mentioned, and containing any restrictions, conditions, and provisions that the Judicial Committee may think fit.

(6.) It shall be lawful for Her Majesty in Council to make, from time to time, rules of procedure and practice for regulating proceed-

ings on such petitions, and subject thereto such proceedings shall be regulated according to the existing procedure and practice in patent matters of the Judicial Committee.

(7.) The costs of all parties of and incident to such proceedings shall be in the discretion of the Judicial Committee; and the orders of the Committee respecting costs shall be enforceable as if they were orders of a division of the High Court of Justice (e).

(e) As to the extension of the term of a patent, see *ante*, pp. 19, 20.

Revocation.

26.—(1.) The proceeding by *scire facias* to repeal a patent is hereby abolished. Revocation of patent.

(2.) Revocation of a patent may be obtained on petition to the Court.

(3.) Every ground on which a patent might, at the commencement of this Act, be repealed by *scire facias* shall be available by way of defence to an action of infringement and shall also be a ground of revocation.

(4.) A petition for revocation of a patent may be presented by—

(a.) The Attorney-General in England or Ireland, or the Lord Advocate in Scotland :

(b.) Any person authorised by the Attorney-General in England or Ireland, or the Lord Advocate in Scotland :

(c.) Any person alleging that the patent was obtained in fraud of his rights, or of the rights of any person under or through whom he claims :

(d.) Any person alleging that he, or any person under or through whom he claims, was the true inventor of any invention included in the claim of the patentee :

(e.) Any person alleging that he, or any person under or through whom he claims an interest in any trade, business, or manufacture, had publicly manufactured, used, or sold, within this realm, before the date of the patent, anything claimed by the patentee as his invention.

(5.) The plaintiff must deliver with his petition particulars of the objections on which he means to rely, and no evidence shall, except by leave of the Court or a judge, be admitted in proof of any objection of which particulars are not so delivered.

(6.) Particulars delivered may be from time to time amended by leave of the Court or a judge.

(7.) The defendant shall be entitled to begin, and give evidence in support of the patent, and if the plaintiff gives evidence impeaching the validity of the patent the defendant shall be entitled to reply.

(8.) Where a patent has been revoked on the ground of fraud, the comptroller may, on the application of the true inventor made in accordance with the provisions of this Act, grant to him a patent in lieu of and bearing the same date as the date of revocation of the patent so revoked, but the patent so granted shall cease on the expiration of the term for which the revoked patent was granted (f).

(f) As to revocation of patents, see *ante*, pp. 20, 21.

Crown.

27.—(1.) A patent shall have to all intents the like effect as against Her Majesty the Queen, her heirs and successors, as it has against a subject. Patent to bind Crown.

(2.) But the officers or authorities administering any department of the service of the Crown may, by themselves, their agents, contractors, or others, at any time after the application, use the invention for the service of the Crown on terms to be before or after the use thereof agreed on, with the approval of the Treasury, between those officers or authorities and the patentee, or, in default of such agreement, on such terms as may be settled by the Treasury after hearing all parties interested.

Legal Proceedings.

Hearing with
assessor.

28.—(1.) In an action or proceeding for infringement or revocation of a patent, the Court may, if it thinks fit, and shall, on the request of either of the parties to the proceeding, call in the aid of an assessor specially qualified, and try and hear the case wholly or partially with his assistance; the action shall be tried without a jury unless the Court shall otherwise direct.

(2.) The Court of Appeal or the Judicial Committee of the Privy Council may, if they see fit, in any proceeding before them respectively, call in the aid of an assessor as aforesaid.

(3.) The remuneration, if any, to be paid to an assessor under this section shall be determined by the Court or the Court of Appeal or Judicial Committee, as the case may be, and be paid in the same manner as the other expenses of the execution of this Act.

Delivery of
particulars.

29.—(1.) In an action for infringement of a patent the plaintiff must deliver with his statement of claim, or by order of the Court or the judge, at any subsequent time, particulars of the breaches complained of.

(2.) The defendant must deliver with his statement of defence, or, by order of the Court or a judge, at any subsequent time, particulars of any objections on which he relies in support thereof.

(3.) If the defendant disputes the validity of the patent, the particulars delivered by him must state on what grounds he disputes it, and if one of those grounds is want of novelty must state the time and place of the previous publication or user alleged by him.

(4.) At the hearing no evidence shall, except by leave of the Court or a judge, be admitted in proof of any alleged infringement or objection of which particulars are not so delivered.

(5.) Particulars delivered may be from time to time amended, by leave of the Court or a judge.

(6.) On taxation of costs regard shall be had to the particulars delivered by the plaintiff and by the defendant; and they respectively shall not be allowed any costs in respect of any particular delivered by them unless the same is certified by the Court or a judge to have been proven or to have been reasonable and proper, without regard to the general costs of the case.

Order for
inspection,
&c., in
action.

30. In an action for infringement of a patent, the Court or a judge may on the application of either party make such order for an injunction, inspection or account, and impose such terms and give such directions respecting the same and the proceedings thereon as the Court or a judge may see fit.

Certificate of
validity
questioned

31. In an action for infringement of a patent, the Court or a judge may certify that the validity of the patent came in question; and if the Court or a judge so certifies, then in any subsequent action for

infringement, the plaintiff in that action on obtaining a final order or judgment in his favour shall have his full costs, charges and expenses as between solicitor and client, unless the Court or judge trying the action certifies that he ought not to have the same.

32. Where any person claiming to be the patentee of an invention, by circulars, advertisements or otherwise threatens any other person with any legal proceedings or liability in respect of any alleged manufacture, use, sale or purchase of the invention, any person or persons aggrieved thereby may bring an action against him, and may obtain an injunction against the continuance of such threats, and may recover such damage (if any) as may have been sustained thereby, if the alleged manufacture, use, sale, or purchase to which the threats related was not in fact an infringement of any legal rights of the person making such threats: Provided that this section shall not apply if the person making such threats with due diligence commences and prosecutes an action for infringement of his patent.

Remedy in case of groundless threats of legal proceedings.

Miscellaneous.

33. Every patent may be in the form in the First Schedule to this Act, and shall be granted for one invention only, but may contain more than one claim (g); but it shall not be competent for any person in an action or other proceeding to take any objection to a patent on the ground that it comprises more than one invention (h).

Patent for one invention only.

(g) The words "but may contain more than one claim," appear to have been inserted in error (Lawson, 131).

(h) Where by mistake or inadvertence, or otherwise, more than one invention is included in an application, the latter can be amended, and separate applications be made for the different inventions (P. R. 1883, r. 23, *post*, p. 338).

34.—(1.) If a person possessed of an invention dies without making application for a patent for the invention, application may be made by, and a patent for the invention granted to, his legal representative (i).
(2.) Every such application must be made within six months of the decease of such person, and must contain a declaration by the legal representative that he believes such person to be the true and first inventor of the invention.

Patent on application of representative of deceased inventor.

(i) That is, legal personal representatives. It is presumed that this sub-section may be read so as to extend the meaning of sub-sect. 2 of sect 5, *ante*, whereby the executors or administrators of the applicant therein mentioned are to be enabled to join with them in the application any other person or persons.

35. A patent granted to the true and first inventor shall not be invalidated by an application in fraud of him, or by provisional protection obtained thereon, or by any use or publication of the invention subsequent to that fraudulent application during the period of provisional protection.

Patent to first inventor not invalidated by application in fraud of him.

36. A patentee may assign his patent for any place in or part of the United Kingdom, or Isle of Man, as effectually as if the patent were originally granted to extend to that place or part only (j).

Assignment for particular places.

(j) As to the form of an assignment of a patent for a district, see *Chapter on Assignments, ante*, pp. 115—117, and *Assignment II., ante*, p. 139.

As to a comparison of the advantages between such assignments and exclusive licences for the same districts, see *Chapter on Assignments, ante*, p. 117.

It is presumed that no assignment for a district can be made of a share of the patent.

This section probably refers to old patents also. See definition of "patent," in sect. 46, *post*, and sect. 45, sub-sect. 3, *post*. The saving in sect. 113 will not affect this section. Hence, in the case of an existing patent granted under the old practice, an assignment of it may be made for the Channel Islands, notwithstanding they are not mentioned in the above section.

Loss or
destruction of
patent.

37. If a patent is lost or destroyed, or its non-production is accounted for to the satisfaction of the comptroller, the comptroller may at any time cause a duplicate thereof to be sealed.

Proceedings
and costs
before law
officer.

38. The law officers may examine witnesses on oath and administer oaths for that purpose under this part of this Act, and may from time to time make, alter, and rescind rules regulating references and appeals to the law officers and the practice and procedure before them under this part of this Act; and in any proceeding before either of the law officers under this part of this Act, the law officer may order costs to be paid by either party, and any such order may be made a rule of the Court.

Exhibition at
industrial or
international
exhibition not
to prejudice
patent rights.

39. The exhibition of an invention at an industrial or international exhibition, certified as such by the Board of Trade, or the publication of any description of the invention during the period of the holding of the exhibition, or the use of the invention for the purpose of the exhibition in the place where the exhibition is held, or the use of the invention during the period of the holding of the exhibition by any person elsewhere, without the privity or consent of the inventor, shall not prejudice the right of the inventor or his legal personal representative to apply for and obtain provisional protection and a patent in respect of the invention or the validity of any patent granted on the application, provided that both the following conditions are complied with, namely,—

- (a.) The exhibitor must, before exhibiting the invention, give the comptroller the prescribed notice of his intention to do so; and
- (b.) The application for a patent must be made before or within six months from the date of the opening of the exhibition (k).

(k) By sect. 3 of the Act of 1886, *post*, p. 334, the Queen in Council may declare that the above section may apply to any exhibition mentioned in the order in like manner as if it were certified by the Board of Trade as above provided, and may provide that the exhibitor may be relieved from the above conditions, either absolutely or upon terms. This new provision is for the purpose of affecting industrial or international exhibitions out of the United Kingdom (see the preamble to the provision).

Publication of
illustrated
journal,
indexes, &c.

40.—(1.) The comptroller shall cause to be issued periodically an illustrated journal of patented inventions, as well as reports of patent cases decided by courts of law, and any other information that the comptroller may deem generally useful or important.

(2.) Provision shall be made by the comptroller for keeping on sale copies of such journal, and also of all complete specifications of patents for the time being in force, with their accompanying drawings, if any.

(3.) The comptroller shall continue, in such form as he may deem expedient, the indexes and abridgments of specifications hitherto published, and shall from time to time prepare and publish such other indexes, abridgments of specifications, catalogues, and other works relating to inventions, as he may see fit.

41. The control and management of the existing Patent Museum and its contents shall, from and after the commencement of this Act, be transferred to and vested in the Department of Science and Art, subject to such directions as Her Majesty in Council may see fit to give. Patent Museum.

42. The Department of Science and Art may at any time require a patentee to furnish them with a model of his invention on payment to the patentee of the cost of the manufacture of the model; the amount to be settled, in case of dispute, by the Board of Trade. Power to require models on payment.

43.—(1.) A patent shall not prevent the use of an invention for the purposes of the navigation of a foreign vessel within the jurisdiction of any of Her Majesty's Courts in the United Kingdom, or Isle of Man, or the use of an invention in a foreign vessel within that jurisdiction, provided it is not used therein for or in connection with the manufacture or preparation of anything intended to be sold in or exported from the United Kingdom or Isle of Man. Foreign vessels in British waters.

(2.) But this section shall not extend to vessels of any foreign state of which the laws authorize subjects of such foreign state, having patents or like privileges for the exclusive use or exercise of inventions within its territories, to prevent or interfere with the use of such inventions in British vessels while in the ports of such foreign state, or in the waters within the jurisdiction of its courts, where such inventions are not so used for the manufacture or preparation of anything intended to be sold in or exported from the territories of such foreign state.

44.—(1.) The inventor of any improvement in instruments or munitions of war, his executors, administrators, or assigns (who are in this section comprised in the expression the inventor) may (either for or without valuable consideration) assign to Her Majesty's principal Secretary of State for the War Department (hereinafter referred to as the Secretary of State), on behalf of Her Majesty, all the benefit of the invention and of any patent obtained or to be obtained for the same; and the Secretary of State may be a party to the assignment. Assignment to Secretary for War of certain inventions.

(2.) The assignment shall effectually vest the benefit of the invention and patent in the Secretary of State for the time being on behalf of Her Majesty, and all covenants and agreements therein contained for keeping the invention secret and otherwise shall be valid and effectual (notwithstanding any want of valuable consideration), and may be enforced accordingly by the Secretary of State for the time being.

(3.) Where any such assignment has been made to the Secretary of State, he may at any time before the application for a patent for the invention, or before publication of the specification or specifications, certify to the comptroller his opinion that, in the interest of the public service, the particulars of the invention and of the manner in which it is to be performed should be kept secret.

(4.) If the Secretary of State so certifies, the application and specification or specifications with the drawings (if any), and any amendment of the specification or specifications, and any copies of such documents and drawings, shall, instead of being left in the ordinary manner at the patent office, be delivered to the comptroller in a packet sealed by authority of the Secretary of State.

(5.) Such packet shall until the expiration of the term or extended term during which a patent for the invention may be in force, be kept sealed by the comptroller, and shall not be opened save under the authority of an order of the Secretary of State, or of the law officers.

(6.) Such sealed packet shall be delivered at any time during the continuance of the patent to any person authorized by writing under the hand of the Secretary of State to receive the same, and shall if returned to the comptroller be again kept sealed by him.

(7.) On the expiration of the term or extended term of the patent, such sealed packet shall be delivered to any person authorized by writing under the hand of the Secretary of State to receive it.

(8.) Where the Secretary of State certifies as aforesaid, after an application for a patent has been left at the patent office, but before the publication of the specification or specifications, the application, specification or specifications, with the drawings (if any), shall be forthwith placed in a packet sealed by authority of the comptroller, and such packet shall be subject to the foregoing provisions respecting a packet sealed by authority of the Secretary of State.

(9.) No proceeding by petition or otherwise shall lie for revocation of a patent granted for an invention in relation to which the Secretary of State has certified as aforesaid.

(10.) No copy of any specification or other document or drawing, by this section required to be placed in a sealed packet, shall in any manner whatever be published or open to the inspection of the public, but save as in this section otherwise directed, the provisions of this part of this Act shall apply in respect of any such invention and patent as aforesaid.

(11.) The Secretary of State may, at any time by writing under his hand, waive the benefit of this section with respect to any particular invention, and the specifications, documents and drawings shall be thenceforth kept and dealt with in the ordinary way.

(12.) The communication of any invention for any improvement in instruments or munitions of war to the Secretary of State or to any person or persons authorized by him to investigate the same or the merits thereof, shall not, nor shall anything done for the purposes of the investigation, be deemed use or publication of such invention so as to prejudice the grant or validity of any patent for the same.

Existing Patents.

Provisions
respecting
existing
patents.

45.—(1.) The provisions of this Act relating to applications for patents and proceedings thereon shall have effect in respect only of applications made after the commencement of this Act.

(2.) Every patent granted before the commencement of this Act, or on an application then pending, shall remain unaffected by the provisions of this Act relating to patents binding the Crown, and to compulsory licences.

(3.) In all other respects (including the amount and time of payment of fees) this Act shall extend to all patents granted before the commencement of this Act, or on applications then pending, in substitution for such enactments as would have applied thereto if this Act had not been passed.

(4.) All instruments relating to patents granted before the commencement of this Act required to be left or filed in the Great Seal Patent Office shall be deemed to be so left or filed if left or filed before or after the commencement of this Act in the patent office (*l*).

(*l*) See sect. 113.

Definitions.

Definitions
of patent,

46. In and for the purposes of this Act—

“Patent” means letters patent for an invention (*m*):

"Patentee" means the person for the time being entitled to the benefit of a patent: patentee, and invention.

"Invention" means any manner of new manufacture the subject of letters patent and grant of privilege within section six of the Statute of Monopolies (that is, the Act of the twenty-first year of the reign of King James the First, chapter three, intituled "An Act concerning monopolies and dispensations with penal laws and the forfeiture thereof"), and includes an alleged invention (n).

In Scotland "injunction" means "interdict."

(m) See extended definition of the term "patent," *ante*, p. 2.

(n) As to the term "inventor" comprising "an importer," see *ante*, pp. 2, 10.

Sects. 47—81 do not relate to patents.

PART V.—GENERAL.

Patent Office and Proceedings thereat.

82.—(1.) The Treasury may provide for the purposes of this Act an office with all requisite buildings and conveniences, which shall be called, and is in this Act referred to as, the Patent Office. Patent office.

(2.) Until a new patent office is provided, the offices of the Commissioners of Patents for inventions and for the registration of designs and trade marks existing at the commencement of this Act shall be the patent office within the meaning of this Act.

(3.) The patent office shall be under the immediate control of an officer called the comptroller-general of patents, designs, and trade marks, who shall act under the superintendence and direction of the Board of Trade.

(4.) Any act or thing directed to be done by or to the comptroller may, in his absence, be done by or to any officer for the time being in that behalf authorised by the Board of Trade.

83.—(1.) The Board of Trade may at any time after the passing of this Act, and from time to time, subject to the approval of the Treasury, appoint the comptroller-general of patents, designs, and trade marks, and so many examiners and other officers and clerks, with such designations and duties as the Board of Trade think fit, and may from time to time remove any of those officers and clerks. Officers and clerks.

(2.) The salaries of those officers and clerks shall be appointed by the Board of Trade, with the concurrence of the Treasury, and the same and the other expenses of the execution of this Act shall be paid out of money provided by Parliament.

84. There shall be a seal for the patent office, and impressions thereof shall be judicially noticed and admitted in evidence. Seal of patent office.

85. There shall not be entered in any register kept under this Act, or be receivable by the comptroller, any notice of any trust expressed, implied or constructive (o). Trust not to be entered in registers.

(o) This section should be read in connection with sects. 23 and 87. As to registration under the two practices, see pp. 8, 9, and pp. 23—25, *ante*, and as to registration of *Assignments*, pp. 132, 133, *ante*.

Refusal to grant patent, &c. in certain cases.

86. The comptroller may refuse to grant a patent for an invention, or to register a design or trade mark, of which the use would, in his opinion, be contrary to law or morality.

Entry of assignments and transmissions in registers.

87. Where a person becomes entitled by assignment, transmission, or other operation of law to a patent, or to the copyright in a registered design, or to a registered trade mark, the comptroller shall on request, and on proof of title to his satisfaction, cause the name of such person to be entered as proprietor of the patent, copyright in the design, or trade mark, in the register of patents, designs, or trade marks, as the case may be. The person for the time being entered in the register of patents, designs, or trade marks, as proprietor of a patent, copyright in a design or trade mark as the case may be, shall, subject to any rights appearing from such register to be vested in any other person, have power absolutely to assign, grant licences as to, or otherwise deal with, the same and to give effectual receipts for any consideration for such assignment, licence, or dealing. Provided that any equities in respect of such patent, design, or trade mark may be enforced in like manner as in respect of any other personal property (*p*).

(*p*) See sects. 23 and 85, *ante*. The documents to be registered must be such as confer legal interests or rights. As to this, and the section generally, see *ante*, pp. 23—25.

As to rectification of the register, see sect. 90, *post*.

As to registration of assignments and licences respectively, see *ante*, pp. 132, 133.

Inspection of and extracts from registers.

88. Every register kept under this Act shall at all convenient times be open to the inspection of the public, subject to such regulations as may be prescribed; and certified copies, sealed with the seal of the patent office, of any entry in any such register shall be given to any person requiring the same on payment of the prescribed fee.

Sealed copies to be received in evidence.

89. Printed or written copies or extracts, purporting to be certified by the comptroller and sealed with the seal of the patent office, of or from patents, specifications, disclaimers and other documents in the patent office, and of or from registers and other books kept there, shall be admitted in evidence in all courts in Her Majesty's dominions, and in all proceedings, without further proof or production of the originals.

Rectification of registers by court.

90.—(1.) The Court may on the application of any person aggrieved by the omission without sufficient cause of the name of any person from any register kept under this Act, or by any entry made without sufficient cause in any such register, make such order for making, expunging or varying the entry, as the Court thinks fit; or the Court may refuse the application; and in either case may make such order with respect to the costs of the proceedings as the Court thinks fit.

(2.) The Court may in any proceeding under this section decide any question that it may be necessary or expedient to decide for the rectification of a register, and may direct an issue to be tried for the decision of any question of fact, and may award damages to the party aggrieved.

(3.) Any order of the Court rectifying a register shall direct that due notice of the rectification be given to the comptroller (*q*).

(*q*) See, as to rectification of the register, *ante*, p. 24.

Power for comptroller to correct clerical errors.

91. The comptroller may, on request in writing accompanied by the prescribed fee:—

(a.) Correct any clerical error in or in connection with an application for a patent, or for registration of a design or trade mark; or

- (b.) Correct any clerical error in the name, style or address of the registered proprietor of a patent, design, or trade mark.
- (c.) Cancel the entry or part of the entry of a trade mark on the register: Provided that the applicant accompanies his request by a statutory declaration made by himself, stating his name, address, and calling, and that he is the person whose name appears on the register as the proprietor of the said trade mark.

92.—(1.) The registered proprietor of any registered trade mark may apply to the Court for leave to add to or alter such mark in any particular, not being an essential particular within the meaning of this Act, and the Court may refuse or grant leave on such terms as it may think fit. Alteration of registered mark.

(2.) Notice of any intended application to the Court under this section shall be given to the comptroller by the applicant; and the comptroller shall be entitled to be heard on the application.

(3.) If the Court grants leave, the comptroller shall, on proof thereof and on payment of the prescribed fee, cause the register to be altered in conformity with the order of leave.

93. If any person makes or causes to be made a false entry in any register kept under this Act, or a writing falsely purporting to be a copy of an entry in any such register, or produces or tenders or causes to be produced or tendered in evidence any such writing, knowing the entry or writing to be false, he shall be guilty of a misdemeanor. Falsification of entries in registers.

94. Where any discretionary power is by this Act given to the comptroller, he shall not exercise that power adversely to the applicant for a patent, or for amendment of a specification, or for registration of a trade mark or design, without (if so required within the prescribed time by the applicant) giving the applicant an opportunity of being heard personally or by his agent. Exercise of discretionary power by comptroller.

95. The comptroller may, in any case of doubt or difficulty arising in the administration of any of the provisions of this Act, apply to either of the law officers for directions in the matter (r). Power of comptroller to take directions of law officers.

(r) See *ante*, p. 10.

96. A certificate purporting to be under the hand of the comptroller as to any entry, matter, or thing which he is authorised by this Act, or any general rules made thereunder, to make or do, shall be *prima facie* evidence of the entry having been made, and of the contents thereof, and of the matter or thing having been done or left undone. Certificate of comptroller to be evidence.

97.—(1.) Any application, notice, or other document authorised or required to be left, made or given at the patent office or to the comptroller, or to any other person under this Act, may be sent by a pre-paid letter through the post; and if so sent shall be deemed to have been left, made or given respectively at the time when the letter containing the same would be delivered in the ordinary course of post. Applications and notices by post.

(2.) In proving such service or sending, it shall be sufficient to prove that the letter was properly addressed and put into the post.

98. Whenever the last day fixed by this Act, or by any rule for the time being in force, for leaving any document or paying any fee Provision as to days for leaving

documents at
office.

at the patent office shall fall on Christmas Day, Good Friday, or on a Saturday or Sunday, or any day observed as a holiday at the Bank of England, or any day observed as a day of public fast or thanksgiving, herein referred to as excluded days, it shall be lawful to leave such document or to pay such fee on the day next following such excluded day, or days if two or more of them occur consecutively.

Declaration
by infant,
lunatic, &c.

99. If any person is, by reason of infancy, lunacy or other inability, incapable of making any declaration or doing anything required or permitted by this Act or by any rules made under the authority of this Act, then the guardian or committee (if any) of such incapable person, or if there be none, any person appointed by any court or judge possessing jurisdiction in respect of the property of incapable persons, upon the petition of any person on behalf of such incapable person, or of any other person interested in the making such declaration or doing such thing, may make such declaration or a declaration as nearly corresponding thereto as circumstances permit, and do such thing in the name and on behalf of such incapable person, and all acts done by such substitute shall for the purposes of this Act be as effectual as if done by the person for whom he is substituted.

Transmission
of certified
printed copies
of specifica-
tions, &c.

100. Copies of all specifications, drawings, and amendments left at the patent office after the commencement of this Act, printed for and sealed with the seal of the patent office, shall be transmitted to the Edinburgh Museum of Science and Art, and to the Enrolments Office of the Chancery Division in Ireland, and to the Rolls Office in the Isle of Man, within twenty-one days after the same shall respectively have been accepted or allowed at the patent office; and certified copies of or extracts from any such documents shall be given to any person requiring the same on payment of the prescribed fee; and any such copy or extract shall be admitted in evidence in all courts in Scotland and Ireland and in the Isle of Man without further proof or production of the originals.

Power for
Board of
Trade to
make general
rules for
classifying
goods and
regulating
business of
patent office.

101.—(1.) The Board of Trade may from time to time make such general rules and do such things as they think expedient, subject to the provisions of this Act—

- (a.) For regulating the practice of registration under this Act:
- (b.) For classifying goods for the purposes of designs and trade marks:
- (c.) For making or requiring duplicates of specifications, amendment, drawings, and other documents:
- (d.) For securing and regulating the publishing and selling of copies, at such prices and in such manner as the Board of Trade think fit, of specifications, drawings, amendments and other documents:
- (e.) For securing and regulating the making, printing, publishing and selling of indexes to, and abridgments of, specifications and other documents in the patent office; and providing for the inspection of indexes and abridgments and other documents:
- (f.) For regulating (with the approval of the Treasury) the presentation of copies of patent office publications to patentees and to public authorities, bodies, and institutions at home and abroad:
- (g.) Generally for regulating the business of the patent office, and

all things by this Act placed under the direction or control of the comptroller, or of the Board of Trade.

(2.) Any of the forms in the First Schedule to this Act may be altered or amended by rules made by the Board as aforesaid.

(3.) General rules may be made under this section at any time after the passing of this Act, but not so as to take effect before the commencement of this Act, and shall (subject as hereinafter mentioned) be of the same effect as if they were contained in this Act, and shall be judicially noticed (s).

(4.) Any rules made in pursuance of this section shall be laid before both Houses of Parliament, if Parliament be in session at the time of making thereof, or, if not, then as soon as practicable after the beginning of the then next session of Parliament, and they shall also be advertised twice in the official journal to be issued by the comptroller.

(5.) If either House of Parliament, within the next forty days after any rules have been so laid before such House, resolve that such rules or any of them ought to be annulled, the same shall after the date of such resolution be of no effect, without prejudice to the validity of anything done in the meantime under such rules or rule or to the making of any new rules or rule.

(s) The Rules in force now are the P. R. 1883, and P. R. 1885, *post*, pp. 335, 356, and the Revised Rules (as to drawings) of September 16, 1886.

102. The comptroller shall, before the first day of June in every Annual year, cause a report respecting the execution by or under him of this Act to be laid before both Houses of Parliament, and therein shall include for the year to which each report relates all general rules made in that year under or for the purposes of this Act, and an account of all fees, salaries, and allowances, and other money received and paid under this Act. Annual reports of comptroller.

International and Colonial Arrangements.

103.—(1.) If Her Majesty is pleased to make any arrangement with the government or governments of any foreign state or states for mutual protection of inventions, designs, and trade marks, or any of them, then any person who has applied for protection for any invention, design, or trade mark in any such state, shall be entitled to a patent for his invention or to registration of his design or trade mark (as the case may be) under this Act, in priority to other applicants; and such patent or registration shall have the same date as the date of the protection obtained in such foreign state (t). International arrangements for protection of inventions, designs, and trade marks.

Provided that his application is made, in the case of a patent within seven months, and in the case of a design or trade mark within four months, from his applying for protection in the foreign state with which the arrangement is in force.

Provided that nothing in this section contained shall entitle the patentee or proprietor of the design or trade mark to recover damages for infringements happening prior to the date of the actual acceptance of his complete specification, or the actual registration of his design or trade mark in this country, as the case may be.

(2.) The publication in the United Kingdom, or the Isle of Man during the respective periods aforesaid of any description of the invention, or the use therein during such periods of the invention, or the exhibition or use therein during such periods of the design, or the publication therein during such periods of a description or representa-

tion of the design, or the use therein during such periods of the trade mark, shall not invalidate the patent which may be granted for the invention, or the registration of the design or trade mark.

(3.) The application for the grant of a patent, or the registration of a design, or the registration of a trade mark under this section, must be made in the same manner as an ordinary application under this Act: Provided that, in the case of trade marks, any trade mark the registration of which has been duly applied for in the country of origin may be registered under this Act.

(4.) The provisions of this section shall apply only in the case of those foreign states with respect to which Her Majesty shall from time to time by Order in Council declare them to be applicable, and so long only in the case of each state as the Order in Council shall continue in force with respect to that state.

(4) See sect. 6 of Amendment Act of 1885, *post*, p. 333.

Provision for colonies and India.

104.—(1.) Where it is made to appear to Her Majesty that the legislature of any British possession has made satisfactory provision for the protection of inventions, designs, and trade marks, patented or registered in this country, it shall be lawful for Her Majesty from time to time, by Order in Council, to apply the provisions of the last preceding section, with such variations or additions, if any, as to Her Majesty in Council may seem fit, to such British possession.

(2.) An Order in Council under this Act shall, from a date to be mentioned for the purpose in the Order, take effect as if its provisions had been contained in this Act; but it shall be lawful for Her Majesty in Council to revoke any Order in Council made under this Act.

Offences.

Penalty on falsely representing articles to be patented.

105.—(1.) Any person who represents that any article sold by him is a patented article, when no patent has been granted for the same, or describes any design or trade mark applied to any article sold by him as registered which is not so, shall be liable for every offence on summary conviction to a fine not exceeding five pounds.

(2.) A person shall be deemed, for the purposes of this enactment, to represent that an article is patented or a design or a trade mark is registered, if he sells the article with the word "patent," "patented," "registered," or any word or words expressing or implying that a patent or registration has been obtained for the article stamped, engraved, or impressed on, or otherwise applied to, the article.

Penalty on unauthorised assumption of Royal arms.

106. Any person who, without the authority of Her Majesty, or any of the Royal Family, or of any Government Department, assumes or uses in connection with any trade, business, calling, or profession, the Royal arms, or arms so nearly resembling the same as to be calculated to deceive, in such a manner as to be calculated to lead other persons to believe that he is carrying on his trade, business, calling, or profession by or under such authority as aforesaid, shall be liable on summary conviction to a fine not exceeding twenty pounds.

Scotland; Ireland; &c.

Saving for courts in Scotland.

107. In any action for infringement of a patent in Scotland the provisions of this Act, with respect to calling in the aid of an assessor, shall apply, and the action shall be tried without a jury, unless the

Court shall otherwise direct, but otherwise nothing shall affect the jurisdiction and forms of process of the Courts in Scotland in such an action or in any action or proceeding respecting a patent hitherto competent to those Courts.

For the purposes of this section "Court of Appeal" shall mean any Court to which such action is appealed.

108. In Scotland any offence under this Act declared to be punishable on summary conviction may be prosecuted in the sheriff court.

Summary proceedings in Scotland.

109.—(1.) Proceedings in Scotland for revocation of a patent shall be in the form of an action of reduction at the instance of the Lord Advocate, or at the instance of a party having interest with his concurrence, which concurrence may be given on just cause shown only.

Proceedings for revocation of patent in Scotland.

(2.) Service of all writs and summonses in that action shall be made according to the forms and practice existing at the commencement of this Act.

110. All parties shall, notwithstanding anything in this Act, have in Ireland their remedies under or in respect of a patent as if the same had been granted to extend to Ireland only.

Reservation of remedies in Ireland.

111.—(1.) The provisions of this Act, conferring a special jurisdiction on the Court as defined by this Act, shall not, except so far as the jurisdiction extends, affect the jurisdiction of any Court in Scotland or Ireland in any proceedings relating to patents or to designs or to trade marks; and with reference to any such proceedings in Scotland, the term "the Court" shall mean any Lord Ordinary of the Court of Session, and the term "Court of Appeal" shall mean either Division of the said Court; and with reference to any such proceedings in Ireland, the terms "the Court" and "the Court of Appeal" respectively mean the High Court of Justice in Ireland and Her Majesty's Court of Appeal in Ireland.

General saving for jurisdiction of courts.

(2.) If any rectification of a register under this Act is required in pursuance of any proceeding in a Court in Scotland or Ireland, a copy of the order, decree, or other authority for the rectification, shall be served on the comptroller, and he shall rectify the register accordingly.

112. This Act shall extend to the Isle of Man, and—

Isle of Man.

- (1.) Nothing in this Act shall affect the jurisdiction of the Courts in the Isle of Man, in proceedings for infringement or in any action or proceeding respecting a patent, design, or trade mark competent to those Courts;
- (2.) The punishment for a misdemeanour under this Act in the Isle of Man shall be imprisonment for any term not exceeding two years, with or without hard labour, and with or without a fine not exceeding one hundred pounds, at the discretion of the Court;
- (3.) Any offence under this Act committed in the Isle of Man which would in England be punishable on summary conviction may be prosecuted, and any fine in respect thereof recovered at the instance of any person aggrieved, in the manner in which offences punishable on summary conviction may for the time being be prosecuted.

Repeal; Transitional Provisions; Savings.

Repeal and saving for past operation of repealed enactments, &c.

113. The enactments described in the Third Schedule to this Act are hereby repealed. But this repeal of enactments shall not—

- (a.) Affect the past operation of any of those enactments, or any patent or copyright or right to use a trade mark granted or acquired, or application pending, or appointment made, or compensation granted, or order or direction made or given, or right, privilege, obligation, or liability acquired, accrued, or incurred, or anything duly done or suffered under or by any of those enactments before or at the commencement of this Act; or
- (b.) Interfere with the institution or prosecution of any action or proceeding, civil or criminal, in respect thereof, and any such proceeding may be carried on as if this Act had not been passed; or
- (c.) Take away or abridge any protection or benefit in relation to any such action or proceeding (u).

(u) Compare sect. 45 with this section. See also, *ante*, pp. 22, 23, as to the two sections.

Under sect. 25 of the repealed Act of 1852, patents obtained here for inventions already patented abroad became void on the expiration of the foreign patent. The new Acts have no similar provision, so that it may be presumed that the duration of a British patent granted thereunder, whether on an application pending at or made since the commencement of the Act of 1883, is unaffected by that of any foreign patent for the same invention. See Lawson, pp. 140, 141 (notes to sect. 45), as to the effect of the above section in respect of sect. 25 of the Act of 1852.

Former registers to be deemed continued.

114.—(1.) The registers of patents and of proprietors kept under any enactment repealed by this Act shall respectively be deemed parts of the same book as the register of patents kept under this Act (v).

(2.) The registers of designs and of trade marks kept under any enactment repealed by this Act shall respectively be deemed parts of the same book as the register of designs and the register of trade marks kept under this Act.

(v) See sects. 23 and 87, *ante*, and notes thereon.

Saving for existing rules.

115. All general rules made by the Lord Chancellor or by any other authority under any enactment repealed by this Act, and in force at the commencement of this Act, may at any time after the passing of this Act be repealed, altered or amended by the Board of Trade, as if they had been made by the Board under this Act, but so that no such repeal, alteration or amendment shall take effect before the commencement of this Act; and, subject as aforesaid, such general rules shall, so far as they are consistent with and are not superseded by this Act, continue in force as if they had been made by the Board of Trade under this Act.

Saving for prerogative.

116. Nothing in this Act shall take away, abridge or prejudicially affect the prerogative of the Crown in relation to the granting of any letters patent or to the withholding of a grant thereof.

General Definitions.

General definitions.

117.—(1.) In and for the purposes of this Act, unless the context otherwise requires,—

“Person” includes a body corporate:

"The Court" means (subject to the provisions for Scotland, Ireland, and the Isle of Man) Her Majesty's High Court of Justice in England:

"Law officer" means Her Majesty's Attorney-General or Solicitor-General for England:

"The Treasury" means the Commissioners of Her Majesty's Treasury:

"Comptroller" means the Comptroller-General of Patents, Designs, and Trade Marks:

"Prescribed" means prescribed by any of the Schedules to this Act, or by general rules under or within the meaning of this Act:

"British possession" means any territory or place situate within Her Majesty's dominions, and not being or forming part of the United Kingdom, or of the Channel Islands, or of the Isle of Man, and all territories and places under one legislature, as hereinafter defined, are deemed to be one British possession for the purposes of this Act:

"Legislature" includes any person or persons who exercise legislative authority in the British possession; and where there are local legislatures as well as a central legislature, means the central legislature only.

In the application of this Act to Ireland, "summary conviction" means a conviction under the Summary Jurisdiction Acts, that is to say, with reference to the Dublin Metropolitan Police District the Acts regulating the duties of justices of the peace and of the police for such district, and elsewhere in Ireland the Petty Sessions (Ireland) Act, 1851, and any Act amending it.

THE FIRST SCHEDULE.

[The Forms A., B. and C. in this are replaced by the Forms A., A1, B. and C. in the Second Schedule to the Patent Rules, 1885. Form D. of this Schedule (Form of a Patent) is the Form I. at pp. 48, 49, *ante*.]

THE SECOND SCHEDULE.

Section 24.

Fees on instruments for obtaining Patents, and Renewal (w).

(a) *Up to Sealing.*

	£	s.	d.	£	s.	d.
On application for provisional protection	1	0	0			
On filing complete specification	3	0	0			
	<hr/>			4	0	0
<i>or</i>						
On filing complete specification with first application				4	0	0

(b) *Further before end of four years from date of patent.*

On certificate of renewal	50	0	0
---------------------------------	----	---	---

(w) In addition to these fees, there are now payable the fees mentioned in the First Schedule to the Patent Rules, 1883, *post*, p. 344; and also the fees mentioned in the First Schedule to the Patent Rules, 1885, *post*, p. 357.

(c) *Further before end of seven years, or in the case of patents granted after the commencement of this Act, before the end of eight years from date of patent.*

On certificate of renewal..... £100 0 0

*Or in lieu of the fees of 50*l.* and 100*l.* the following annual fees:—*
Before the expiration of the fourth year from the date of the

			patent	£10	0	0
"	"	fifth	"	10	0	0
"	"	sixth	"	10	0	0
"	"	seventh	"	10	0	0
"	"	eighth	"	15	0	0
"	"	ninth	"	15	0	0
"	"	tenth	"	20	0	0
"	"	eleventh	"	20	0	0
"	"	twelfth	"	20	0	0
"	"	thirteenth	"	20	0	0

Section 113.

THE THIRD SCHEDULE.

Enactments repealed.

21 James 1, c. 3 .. [1623.]	The Statute of Monopolies. In part; namely,— Sections ten, eleven, and twelve.
5 & 6 Will. 4, c. 62 [1835.] In part.	The Statutory Declarations Act, 1835. In part; namely,— Section eleven.
5 & 6 Will. 4, c. 83 [1835.]	An Act to amend the law touching letters patent for inventions.
2 & 3 Vict. c. 67 .. [1839.]	An Act to amend an Act of the fifth and sixth years of the reign of King William the Fourth, intituled "An Act to amend the law touching letters patent for inventions."
5 & 6 Vict. c. 100 [1842.]	An Act to consolidate and amend the laws relating to the copyright of designs for ornamenting articles of manufacture.
6 & 7 Vict. c. 65 .. [1843.]	An Act to amend the laws relating to the copyright of designs.
7 & 8 Vict. c. 69 (a) [1844.] In part.	An Act for amending an Act passed in the fourth year of the reign of his late Majesty, intituled "An Act for the better administration of justice in his Majesty's Privy Council, and to extend its jurisdiction and powers." In part; namely,— Sections two to five, both included.

(a) *Notes.*—Sections six and seven of this Act are repealed by the Statute Law Revision (No. 2) Act, 1874.

13 & 14 Vict. c. 104 [1850.]	An Act to extend and amend the Acts relating to the copyright of designs.
15 & 16 Vict. c. 83 [1852.]	The Patent Law Amendment Act, 1852.
16 & 17 Vict. c. 5 [1853.]	An Act to substitute stamp duties for fees on passing letters patent for inventions, and to provide for the purchase for the public use of certain indexes of specifications.
16 & 17 Vict. c. 115 [1853.]	An Act to amend certain provisions of the Patent Law Amendment Act, 1852, in respect of the transmission of certified copies of letters patent and specifications to certain offices in Edinburgh and Dublin, and otherwise to amend the said Act.
21 & 22 Vict. c. 70 [1858.]	An Act to amend the Act of the fifth and sixth years of her present Majesty, to consolidate and amend the laws relating to the copyright of designs for ornamenting articles or manufacture.
22 Vict. c. 13.... [1859.]	An Act to amend the law concerning patents for inventions with respect to inventions for improvements in instruments and munitions of war.
24 & 25 Vict. c. 73 [1861.]	An Act to amend the law relating to the copyright of designs.
28 & 29 Vict. c. 3 [1865.]	The Industrial Exhibitions Act, 1865.
33 & 34 Vict. c. 27 [1870.]	The Protection of Inventions Act, 1870.
33 & 34 Vict. c. 97 [1870.]	The Stamp Act, 1870. In part; namely,— Section sixty-five, and in the Schedule the words and figures, “Certificate of the registration of a design..£5 0 0 And see section 65.”
38 & 39 Vict. c. 91 [1875.]	The Trade Marks Registration Act, 1875.
38 & 39 Vict. c. 93 [1875.]	The Copyright of Designs Act, 1875.
39 & 40 Vict. c. 33 [1876.]	The Trade Marks Registration Amendment Act, 1876.
40 & 41 Vict. c. 37 [1877.]	The Trade Marks Registration Extension Act, 1877.
43 & 44 Vict. c. 10 [1880.]	The Great Seal Act, 1880. In part; namely,— Section five.
45 & 46 Vict. c. 72 [1882.]	The Revenue, Friendly Societies, and National Debt Act, 1882. In part; namely,— Section sixteen.

PATENTS, ETC. AMENDMENT ACT, 1885.

48 & 49 VICT. c. 63.

An Act to amend the Patents, Designs, and Trade Marks Act, 1883.
 [14th August, 1885.]

BE it enacted by the Queen's most excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Construction
and short
title.

1. This Act shall be construed as one with the Patents, Designs, and Trade Marks Act, 1883 (in this Act referred to as the principal Act).

This Act may be cited as the Patents, Designs, and Trade Marks (Amendment) Act, 1885, and this Act and the principal Act may be cited together as the Patents, Designs, and Trade Marks Acts, 1883 and 1885.

Amendment
of sect. 5 of
46 & 47 Vict.
c. 57.

2. Whereas sub-section two of section five of the principal Act requires a declaration to be made by an applicant for a patent to the effect in that sub-section mentioned, and doubts have arisen as to the nature of that declaration, and it is expedient to remove such doubts: Be it therefore enacted that:

5 & 6 W. 4,
c. 62.

The declaration mentioned in sub-section two of section five of the principal Act may be either a statutory declaration under the Statutory Declarations Act, 1835, or not, as may be from time to time prescribed (a).

(a) See Forms A. and A1. under the Patent Rules, 1885, which are of simple declarations (*post*, pp. 358, 359). The forms with the same designations, prescribed under the Patent Rules, 1883, r. 6, were of statutory declarations, but the references to the Act of 1835 were to be omitted if the declarations were to be made out of the United Kingdom.

Amendment
of ss. 8, 9, and
12 of 46 & 47
Vict. c. 57.

3. Whereas under the principal Act, a complete specification is required (by section eight) to be left within nine months, and (by section nine) to be accepted within twelve months, from the date of application, and a patent is required by section twelve to be sealed within fifteen months from the date of application, and it is expedient to empower the comptroller to extend in certain cases the said times: Be it therefore enacted as follows:

A complete specification may be left and accepted within such extended times, not exceeding one month and three months respectively after the said nine and twelve months respectively as the comptroller may on payment of the prescribed fee allow, and where such extension of time has been allowed, a further extension of four months after the said fifteen months shall be allowed for the sealing of the patent; and the principal Act shall have effect as if any time so allowed were added to the said periods specified in the principal Act.

Specifica-
tions, &c.
not to be

4. Where an application for a patent has been abandoned, or become void, the specification or specifications and drawings (if any) accom-

panying or left in connection with such application, shall not at any time be open to public inspection or be published by the controller (b). published unless application accepted.

(b) See sect. 8 of the principal Act (*ante*, p. 309), and the notes thereto as to abandonment of applications.

5. Whereas doubts have arisen whether under the principal Act a patent may lawfully be granted to several persons jointly, some or one of whom only are or is the true and first inventors or inventor; be it therefore enacted and declared that it has been and is lawful under the principal Act to grant such a patent (c). Power to grant patents to several persons jointly.

(c) See sects. 4 and 5 of the principal Act, *ante*, p. 309. As to what persons may apply for a patent, the devolution of the right to apply, and joinder of applicants by amendments, see *ante*, pp. 10—12.

6. In sub-section one of section one hundred and three of the principal Act, the words "date of the application" shall be substituted for the words "date of the protection obtained." Amendment of sect. 103 of 46 & 47 Vict. c. 57.

PATENTS ACT, 1886.

49 & 50 VICT. c. 37.

An Act to remove certain doubts respecting the construction of the Patents, Designs, and Trade Marks Act, 1883, so far as respects the drawings by which specifications are required to be accompanied, and as respects exhibitions.

[25th June, 1886.]

WHEREAS by section five of the Patents, Designs, and Trade Marks Act, 1883, specifications, whether provisional or complete, must be accompanied by drawings if required, and doubts have arisen as to whether it is sufficient that a complete specification refers to the drawings by which the provisional specification was accompanied, and it is expedient to remove such doubts: 46 & 47 Vict. c. 57.

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. This Act may be cited as the Patents Act, 1886, and shall be construed as one with the Patents, Designs, and Trade Marks Acts, 1883 and 1885, and, together with those Acts, may be cited as the Patents, Designs, and Trade Marks Acts, 1883 to 1886. Short title and construction. 46 & 47 Vict. c. 57. 48 & 49 Vict. c. 63.

2. The requirement of sub-section four of section five of the Patents, Designs, and Trade Marks Act, 1883, as to drawings shall not be The same drawings

may accompany both specifications.

deemed to be insufficiently complied with by reason only that instead of being accompanied by drawings the complete specification refers to the drawings which accompanied the provisional specification. And no patent heretofore sealed shall be invalid by reason only that the complete specification was not accompanied by drawings but referred to those which accompanied the provisional specification.

Protection of patents and designs exhibited at international exhibitions.

3. Whereas by section thirty-nine of the Patents, Designs, and Trade Marks Act, 1883, as respects patents, and by section fifty-seven of the same Act as respects designs, provision is made that the exhibition of an invention or design at an industrial or international exhibition, certified as such by the Board of Trade, shall not prejudice the rights of the inventor or proprietor thereof, subject to the conditions therein mentioned, one of which is that the exhibitor must, before exhibiting the invention, design, or article, or publishing a description of the design, give the controller the prescribed notice of his intention to do so :

And whereas it is expedient to provide for the extension of the said sections to industrial and international exhibitions held out of the United Kingdom, be it therefore enacted as follows :

It shall be lawful for Her Majesty, by Order in Council, from time to time to declare that sections thirty-nine and fifty-seven of the Patents, Designs, and Trade Marks Act, 1883, or either of those sections, shall apply to any exhibition mentioned in the Order in like manner as if it were an industrial or international exhibition certified by the Board of Trade, and to provide that the exhibitor shall be relieved from the conditions, specified in the said sections, of giving notice to the controller of his intention to exhibit, and shall be so relieved either absolutely or upon such terms and conditions as to Her Majesty in Council may seem fit.

PATENTS RULES, 1883.

By virtue of the provisions of the Patents, Designs, and Trade Marks Act, 1883, the Board of Trade do hereby make the following rules:—

SHORT TITLE.

- | | |
|---|--------------|
| 1. These rules may be cited as the Patents Rules, 1883. | Short title. |
|---|--------------|

COMMENCEMENT.

- | | |
|---|---------------|
| 2. These rules shall come into operation from and immediately after the 31st day of December, 1883. | Commencement. |
|---|---------------|

INTERPRETATION.

- | | |
|---|-----------------|
| 3. In the construction of these rules, any words herein used defined by the said Act shall have the meanings thereby assigned to them respectively. | Interpretation. |
|---|-----------------|

FEES.

4. The fees to be paid under the above-mentioned Act, in addition to the fees mentioned in the Second Schedule thereto, so far as it relates to patents, shall be those specified in the list of fees in the First Schedule to these rules (a).

FORMS (b).

- | | |
|--|---------------------|
| 5. The Forms A, B, and C in the First Schedule to the said Act shall be altered or amended by the substitution therefor respectively of the Forms A, A1, B, and C in the Second Schedule hereto. | Forms. Alterations. |
|--|---------------------|

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|---|--------------|
| 6.—(1.) An application for a patent shall be made either in the Form A or the Form A1 set forth in the Second Schedule hereto as the case may be. | Application. |
|---|--------------|

- | | |
|--|----------------|
| (2.) The Form B in such schedule of provisional specification and the Form C of complete specification shall respectively be used. | Specification. |
|--|----------------|

- | | |
|---|--------------|
| (3.) The remaining forms set forth in such schedule may, as far as they are applicable, be used in any proceedings under these rules. | Other forms. |
|---|--------------|

(a) To those fees are to be added those mentioned in the First Schedule to P. R. 1885 (p. 357, *post*). See Rule 3 of the latter rules.

(b) Rules 5 and 6 are repealed as from the 14th day of August, 1885. See P. R. 1885, rr. 4 and 7, which substitute other forms for the Forms A, A1, B and C in the Second Schedule hereto.

GENERAL.

Hours of
business.

7. The Patent Office shall be open to the public every week-day during the hours of ten and four, except on the days and times following :—
Christmas Day ;
Good Friday ;
The day observed as her Majesty's birthday ;
The days observed as days of public fast or thanksgiving, or as holidays at the Bank of England.

Agency.

8. An application for a patent must be signed by the applicant, but all other communications between the applicant and the comptroller and all attendances by the applicant upon the comptroller may be made by or through an agent duly authorized to the satisfaction of the comptroller, and if he so require resident in the United Kingdom.

Statement of
address.

9. The application shall be accompanied by a statement of an address to which all notices, requisitions, and communications of every kind may be made by the comptroller or by the Board of Trade, and such statement shall thereafter be binding upon the applicant unless and until a substituted statement of address shall be furnished by him to the comptroller. He may in any particular case require that the address mentioned in this rule be in the United Kingdom.

Size, &c. of
documents.

10. All documents and copies of documents sent to or left at the Patent Office or otherwise furnished to the comptroller or to the Board of Trade shall be written or printed in large and legible characters in the English language upon strong wide ruled paper (on one side only), of a size of 13 inches by 8 inches, leaving a margin of two inches on the left-hand part thereof, and the signature of the applicants or agents thereto must be written in a large and legible hand. Duplicate documents shall at any time be left, if required by the comptroller.

Exercise of
discretionary
power by
comptroller.
Notice of
hearing.

11. Before exercising any discretionary power given to the comptroller by the said Act adversely to the applicant for a patent or for amendment of a specification, the comptroller shall give ten days' notice, or such longer notice as he may think fit, to the applicant of the time when he may be heard personally or by his agent before the comptroller.

Notice by
applicant.

12. Within five days from the date when such notice would be delivered in the ordinary course of post, or such longer time as the comptroller may appoint in such notice, the applicant shall notify to the comptroller whether or not he intends to be heard upon the matter.

Comptroller
may require
statement, &c.

13. Whether the applicant desires to be heard or not, the comptroller may at any time require him to submit a statement in writing within a time to be notified by the comptroller, or to attend before him and make oral explanations with respect to such matters as the comptroller may require.

Decision to be
notified to
parties.

14. The decision or determination of the comptroller in the exercise of any such discretionary power as aforesaid shall be notified by him to the applicant, and any other person affected thereby.

Definition of
"applicant."

15. The term "applicant" in Rules 11, 12 and 13 shall include an applicant whose specification bears a title the same as or similar to that of the specification of a prior applicant, and has been reported on by the examiner.

Prior and
second appli-
cant may
attend hear-
ing.

16. Such prior and second applicant respectively may attend the hearing of the question whether the invention comprised in both applications is the same, but neither party shall be at liberty to inspect the specification of the other.

17. Any person desirous of exhibiting an invention at an industrial or international exhibition, or of publishing any description of the invention during the period of the holding of the exhibition, or of using the invention for the purpose of the exhibition in the place where the exhibition is held, shall, after having obtained from the Board of Trade a certificate that the exhibition is an industrial or international one, give to the comptroller seven days' notice of his intention to exhibit, publish, or use the invention, as the case may be. Industrial or International Exhibitions.

For the purpose of identifying the invention in the event of an application for a patent being subsequently made the applicant shall furnish to the comptroller a brief description of his invention accompanied, if necessary, by drawings, and such other information as the comptroller may in each case require.

18. Any document for the amending of which no special provision is made by the said Act may be amended, and any irregularity in procedure, which in the opinion of the comptroller may be obviated without detriment to the interests of any person, may be corrected, if and on such terms as the comptroller may think fit. Power of amendment, &c.

19. Any application, notice, or other document authorized or required to be left, made or given at the patent office or to the comptroller or to any other person under these Rules may be sent by a prepaid letter through the post, and if so sent shall be deemed to have been left, made or given respectively at the time when the letter containing the same would be delivered in the ordinary course of post. Documents by post.

In proving such service or sending it shall be sufficient to prove that the letter was properly addressed and put into the post.

20. Affidavits may, except where otherwise prescribed by these Rules, be used as evidence in any proceedings thereunder when sworn to in any of the following ways, viz. :— Affidavits.

- (1.) In the United Kingdom before any person authorized to administer oaths in the Supreme Court of Judicature or before a justice of the peace for the county or place where it is sworn or made.
- (2.) In any place in the British dominions out of the United Kingdom before any Court, judge, or justice of the peace or any person authorized to administer oaths there in any Court.
- (3.) In any place out of the British dominions before a British minister, or person exercising the functions of a British minister, or a British consul, vice-consul, or other person exercising the functions of a British consul, or a notary public, or before a judge or magistrate.

21. Where any statutory declaration prescribed by these rules, or used in any proceedings thereunder, is made out of the United Kingdom, the words "and by virtue of the Statutory Declarations Act, 1835," must be omitted, and the declaration shall (unless the context otherwise requires) be made in the manner prescribed in Rule 20, subsection (3) (b). Statutory declarations.

APPLICATION WITH PROVISIONAL OR COMPLETE SPECIFICATION.

22. Applications for a patent sent by prepaid letter through the post shall, as far as may be practicable, be opened and numbered in the Order of recording applications.

(b) See now sect. 2 of Act of 1885, *ante*, p. 332.

order in which the letters containing the same have been respectively delivered in the ordinary course of post.

Applications left at the patent office otherwise than through the post shall be in like manner numbered in the order of their receipt at the patent office.

Application for separate patents by way of amendment.

23. Where a person making application for a patent includes therein by mistake, inadvertence, or otherwise, more than one invention, he may, after the refusal of the comptroller to accept such application, amend the same so as to apply to one invention only, and may make application for separate patents for each such invention accordingly.

Every such application shall bear the date of the first application, and shall, together therewith, be proceeded with in the manner prescribed by the said Act and by these Rules as if every such application had been originally made on that date for one invention only.

Application by representative of deceased inventor.

24. An application for a patent by the legal representative of a person who has died possessed of an invention shall be accompanied by an official copy of or extract from his will or the letters of administration granted of his estate and effects in proof of the applicant's title as such legal representative.

Notice and advertisement of acceptance.

25. On the acceptance of an application with a provisional or complete specification the comptroller shall give notice thereof to the applicant, and shall advertise such acceptance in the official journal of the patent office (*c*).

Inspection on acceptance of complete specification.

26. Upon the publication of such advertisement of acceptance in the case of an application with a complete specification the application and specification or specifications with the drawings (if any) may be inspected at the patent office upon payment of the prescribed fee (*d*).

APPLICATION ON COMMUNICATION FROM ABROAD.

Communication from abroad.

27. An application for a patent for an invention communicated from abroad shall be made in the Form A 1 set forth in the Second Schedule hereto (*e*).

SIZES AND METHODS OF PREPARING DRAWINGS ACCOMPANYING PROVISIONAL OR COMPLETE SPECIFICATIONS (*f*).

Size of drawings.

28. The drawings accompanying provisional or complete specifications shall be made upon half-sheets or sheets of imperial drawing paper, to be within a border line of 19 inches by 12 inches, or 27 inches by 19 inches, with a margin of half-an-inch all round.

Copies of drawings.

29. A copy of the drawings will be required upon *rolled* imperial drawing paper or upon thin Bristol board of the same dimensions as the original drawing or drawings. All the lines must be absolutely black, Indian ink of the best quality to be used, and the same strength or colour of the ink maintained throughout the drawing. Any shading must be in lines clearly and distinctly drawn and as open as is con-

(*c*) See sect 10 of the Act of 1883, p. 310, *ante*.

(*d*) *Ibid*.

(*e*) See now substituted Form A 1 (*post*, p. 359), under P. R. 1886, r. 5 (*post*, p. 356). As to such applications, see *ante*, p. 13.

(*f*) See sect. 2 of Act of 1886, *ante*, p. 333. The above rules, 28—30, were repealed by Revised Rules of 16th of September, 1886. Copies of the latter are given gratuitously at the Sale branch of the Patent Office.

sistent with the required effect. Section lines should not be too closely drawn. No colour must be used for any purpose upon the copy of the drawings. All letters and figures of reference must be bold and distinct. The border line should be one fine line only. The drawings must not be folded, but must be delivered at the patent office either in a perfectly flat state or rolled upon a roller so as to be free from creases or breaks.

30. Where a complete specification is left at the patent office after a provisional specification has been accepted the complete specification and drawing or drawings accompanying the same, as well as the copy thereof, must be prepared in accordance with Rules 10, 28, and 29.

ILLUSTRATED JOURNAL (*f*).

31. Every applicant for the grant of a patent shall, in addition to the drawings to be furnished with his complete specification, furnish the comptroller with a drawing illustrative of the feature or features of novelty constituting his invention. Such drawing must be prepared in the manner prescribed for the copy of the original drawing or drawings accompanying the specification, but must not cover a space exceeding 16 square inches. The drawing must be accompanied by a concise explanatory statement on foolscap paper and legibly written or printed. Additional drawing to be furnished.

OPPOSITION TO GRANTS OF PATENTS (*g*).

32. A notice of opposition to the grant of a patent shall state the ground or grounds on which the person giving such notice (hereinafter called the opponent) intends to oppose the grant, and shall be signed by him. Such notice shall state his address for service in the United Kingdom. Notice of opposition.

33. On receipt of such notice a copy thereof shall be furnished by the comptroller to the applicant. Copy for applicant.

34. Where the ground or one of the grounds of opposition is that the invention has been patented in this country on an application of prior date, the title, number, and date of the patent granted in such prior application shall be specified in the notice. Particulars of prior patent.

35. Within fourteen days after the expiration of two months from the date of the advertisement of the acceptance of a complete specification, the opponent shall leave at the patent office statutory declarations in support of his opposition, and deliver to the applicant a list thereof. Opponent's evidence.

36. Within fourteen days from the delivery of such list the applicant shall leave at the patent office statutory declarations in answer, and deliver to the opponent a list thereof, and within seven days from such delivery the opponent shall leave at the patent office his statutory declarations in reply, and deliver to the applicant a list thereof. Such last-mentioned declarations shall be confined to matters strictly in reply. Applicant's evidence.
Evidence in reply.

Copies of the declarations mentioned in this and the last-preceding rule may be obtained either from the patent office or from the opposite party.

(*f*) This rule has been repealed by Revised Rules of 16th of September, 1886. See last note.

(*g*) See sect. 38 of the Act of 1883, p. 318, *ante*.

Closing of evidence.

37. No further evidence shall be left on either side except by leave of the comptroller upon the written consent of the parties duly notified to him, or by special leave of the comptroller on application made to him for that purpose.

Notice of hearing.

38. Either party making such application shall give notice thereof to the opposite party, who shall be entitled to oppose the application.

Disallowance of opposition in certain cases.

39. On the completion of the evidence the comptroller shall appoint a time for the hearing of the case, and shall give to the parties seven days' notice at the least of such appointment.

40. On the hearing of the case no opposition shall be allowed in respect of any ground not stated in the notice of opposition, and where the ground or one of the grounds is that the invention has been patented in this country on an application of prior date, the opposition shall not be allowed upon such ground unless the title, number, and date of the patent granted on such prior application shall have been duly specified in the notice of opposition.

Decision to be notified to parties.

41. The decision of the comptroller in the case shall be notified by him to the parties.

CERTIFICATES OF PAYMENT OR RENEWAL.**Payment of fees of 50*l.* and 100*l.* for continuance of patent.**

42. If a patentee intends at the expiration of the fourth or eighth year from the date of his patent to make the prescribed payment for keeping the same in force, he shall seven days at least before such expiration give notice to the comptroller of such intention, and shall, before the expiration of such fourth or eighth year, as the case may be, leave at the patent office a form of certificate of payment, duly stamped, subject as hereinafter provided, with the prescribed fee of 50*l.* or 100*l.*, as the case may be.

As to patent granted before commencement of act.

43. In the case of patents granted before the commencement of the said Act, the above rule shall be read as if the words "seventh year" were therein written instead of the words "eighth year."

Payment of annual fees in lieu of 50*l.* and 100*l.*

44. If the patentee intends to pay annual fees in lieu of the above-mentioned fees of 50*l.* and 100*l.*, he shall seven days at least before the expiration of the fourth and each succeeding year during the term of the patent, until and inclusive of the 13th year thereof, give notice to the comptroller of such intention, and shall, before the expiration of such respective periods as aforesaid, leave at the patent office a form of certificate of payment, duly stamped with the fee prescribed to be paid at such periods respectively.

Certificate of payment.

45. On due compliance with these rules, and as soon as may be after such respective periods as aforesaid, or any enlargement thereof respectively duly granted, the comptroller shall give to the patentee a certificate that the prescribed payment has been duly made.

ENLARGEMENT OF TIME.**Enlargement of time for payments.**

46. An application for an enlargement of the time for making a prescribed payment shall state in detail the circumstances in which the patentee by accident, mistake, or inadvertence has failed to make such payment, and the comptroller may require the patentee to substantiate by such proof as he may think necessary the allegations contained in the application for enlargement.

47. The time prescribed by these Rules for doing any act, or taking any proceedings thereunder, may be enlarged by the comptroller if he think fit, and upon such notice to other parties, and proceedings thereon, and upon such terms, as he may direct. In other cases.

AMENDMENT OF SPECIFICATION.

48. A request for leave to amend a specification shall be signed by the applicant or patentee and accompanied by a copy of the original specification and drawings, showing in red ink the proposed amendment, and shall be advertised by publication of the request and the nature of the proposed amendment in the official journal of the patent office, and in such other manner (if any) as the comptroller may in each case direct. Request for leave to amend.
Advertisement.

49. A notice of opposition to the amendment shall state the ground or grounds on which the person giving such notice (hereinafter called the opponent) intends to oppose the amendment, and shall be signed by him. Such notice shall state his address for service in the United Kingdom. Notice of opposition.

50. On receipt of such notice a copy thereof shall be furnished by the comptroller to the applicant or patentee, as the case may be (hereinafter called the applicant). Copy for the applicant.

51. Within fourteen days after the expiration of one month from the first advertisement of the application for leave to amend, the opponent shall leave at the patent office statutory declarations in support of his opposition and deliver to the applicant a list thereof. Opponent's evidence.

52. Upon such declarations being left, and such list being delivered, the provisions of Rules 36, 37, 38, and 39 shall apply to the case, and the further proceedings therein shall be regulated in accordance with such provisions as if they were here repeated. Further proceedings.

53. The decision of the comptroller in the case shall be notified by him to the parties. Decision to be notified to parties.

54. Where leave to amend is given the applicant shall, if the comptroller so require, and within a time to be limited by him, leave at the patent office a new specification and drawings as amended, to be prepared in accordance with Rules 10, 28, and 29. Requirements thereon.

55. Where a request for leave to amend is made by or in pursuance of an order of the Court or a judge, an official or verified copy of the order shall be left with the request at the patent office. Leave by order of court.

56. Every amendment of a specification shall be forthwith advertised by the comptroller in the official journal of the patent office, and in such other manner (if any) as the comptroller may direct. Advertisement of amendment.

COMPULSORY LICENCES (A).

57. A petition to the Board of Trade for an order upon a patentee to grant a licence shall show clearly the nature of the petitioner's interest, and the ground or grounds upon which he claims to be entitled to relief, and shall state in detail the circumstances of the case, the terms upon which he asks that an order may be made, and the purport of such order. Petition for compulsory grant of licences.

(A) See sect. 22 of the Act of 1883, p. 313, *ante*.

- To be left with evidence at patent office.** 58. The petition and an examined copy thereof shall be left at the patent office, accompanied by the affidavits, or statutory declarations, and other documentary evidence (if any) tendered by the petitioner in proof of the alleged default of the patentee.
- Directions as to further proceedings unless petition refused.** 59. Upon perusing the petition and evidence, unless the Board of Trade shall be of opinion that the order should be at once refused, they may require the petitioner to attend before the comptroller, or other person or persons appointed by them, to receive his or their directions as to further proceedings upon the petition.
- Procedure.** 60. If and when a *prima facie* case for relief has been made out to the satisfaction of the Board of Trade, the petitioner shall, upon their requisition, and on or before a day to be named by them, deliver to the patentee copies of the petition and of the affidavits or statutory declarations and other documentary evidence (if any) tendered in support thereof.
- Petitioner's evidence.** 61. Within fourteen days after the day of such delivery the patentee shall leave at the patent office his affidavits or statutory declarations in opposition to the petition, and deliver copies thereof to the petitioner.
- Patentee's evidence.** 62. The petitioner within fourteen days from such delivery shall leave at the patent office his affidavits, or statutory declarations in reply, and deliver copies thereof to the petitioner; such last-mentioned affidavits or declarations shall be confined to matters strictly in reply.
- Evidence in reply.** 63. Subject to any further directions which the Board of Trade may give the parties shall then be heard at such time, before such person or persons, in such manner, and in accordance with such procedure as the Board of Trade may, in the circumstances of the case, direct, but so that full opportunity shall be given to the patentee to show cause against the petition.
- Further proceedings.**

REGISTER OF PATENTS (i).

- Entry of grant.** 64. Upon the sealing of a patent the comptroller shall cause to be entered in the register of patents the name, address, and description of the patentee as the grantee thereof, and the title of the invention.
- Request for entry of subsequent proprietorship.** 65. Where a person becomes entitled to a patent or to any share or interest therein, by assignment, either throughout the United Kingdom and the Isle of Man, or for any place or places therein, or by transmission or other operation of law, a request for the entry of his name in the register as such complete or partial proprietor of the patent, or of such share or interest therein, as the case may be, shall be addressed to the comptroller, and left at the patent office.
- Signature of request.** 66. Such request shall in the case of individuals be made and signed by the person requiring to be registered as proprietor, or by his agent duly authorized to the satisfaction of the comptroller, and in the case of a body corporate by their agent, authorized in like manner.
- Particulars to be stated in request.** 67. Every such request shall state the name, address, and description of the person claiming to be entitled to the patent, or to any

(i) The sections of the principal act referring to registration are sects. 23, 85, 87 to 90, and 93.

share or interest therein, as the case may be (hereinafter called the claimant), and the particulars of the assignment, transmission, or other operation of law, by virtue of which he requires to be entered in the register as proprietor, so as to show the manner in which, and the person or persons to whom, the patent, or such share or interest therein as aforesaid, has been assigned or transmitted.

68. Every assignment and every other document containing, giving effect to, or being evidence of, the transmission of a patent or affecting the proprietorship thereof as claimed by such request, except such documents as are matters of record, shall be produced to the comptroller, together with the request above prescribed, and such other proof of title as he may require for his satisfaction.

Production of documents of title and other proof.

As to a document which is a matter of record, an official or certified copy thereof shall in like manner be produced to the comptroller.

69. There shall also be left with the request an examined copy of the assignment or other document above required to be produced.

Copies for patent office.

As to a document which is a matter of record, an official or certified copy shall be left with the request in lieu of an examined copy.

70. A body corporate may be registered as proprietor by its corporate name.

Body corporate.

71. Where an order has been made by her Majesty in Council for the extension of a patent for a further term or for the grant of a new patent, or where an order has been made by the court for the revocation of a patent or the rectification of the register under section 90 of the said Act or otherwise affecting the validity or proprietorship of the patent, the person in whose favour such order has been made shall forthwith leave at the patent office an office copy of such order. The register shall thereupon be rectified or the purport of such order shall otherwise be duly entered in the register, as the case may be.

Entry of orders of the Privy Council or of the court.

72. Upon the issue of a certificate of payment under Rule 45, the comptroller shall cause to be entered in the Register of Patents a record of the amount and date of payment of the fee on such certificate.

Entry of payment of fees on issue of certificate.

73. If a patentee fails to make any prescribed payment within the prescribed time or any enlargement thereof duly granted, such failure shall be duly entered in the register.

Entry of failure to pay fees.

74. An examined copy of every licence granted under a patent shall be left at the patent office by the licensee, with a request that a notification thereof may be entered in the register. The licensee shall cause the accuracy of such copy to be certified as the comptroller may direct, and the original licence shall at the same time be produced and left at the patent office if required for further verification.

Entry of licences.

75. The register of patents shall be open to the inspection of the public on every week day between the hours of ten and four, except on the days and at the times following:—

Hours of inspection of register.

- (a.) Christmas Day, Good Friday, the day observed as Her Majesty's birthday, days observed as days of public fast or thanksgiving, and days observed as holidays at the Bank of England; or
- (b.) Days which may from time to time be notified by a placard posted in a conspicuous place at the patent office;
- (c.) Times when the register is required for any purpose of official use.

76. Certified copies of any entry in the register, or certified copies Certified

copies of
documents.

of, or extracts from, patents, specifications, disclaimers, affidavits, statutory declarations, and other public documents in the patent office, or of or from registers and other books kept there, may be furnished by the comptroller on payment of the prescribed fee.

POWER TO DISPENSE WITH EVIDENCE, &c.

77. Where, under these rules, any person is required to do any act or thing, or to sign any document, or to make any declaration on behalf of himself or of any body corporate, or any document or evidence is required to be produced to or left with the comptroller, or at the patent office, and it is shown to the satisfaction of the comptroller that from any reasonable cause such person is unable to do such act or thing, or to sign such document, or make such declaration, or that such document or evidence cannot be produced or left as aforesaid, it shall be lawful for the comptroller, with the sanction of the Board of Trade, and upon the production of such other evidence, and subject to such terms as they may think fit, to dispense with any such act or thing, document, declaration, or evidence.

REPEAL.

Repeal.

78. All general rules made by the Lord Chancellor, or by any other authority, under the Patent Law Amendment Acts, and in force on the 31st day of December 1883, shall be and they are hereby repealed as from that date, without prejudice, nevertheless, to any application then pending.

Dated the 21st day of December 1883.

(Signed)

J. CHAMBERLAIN,
President of the Board of Trade.

FIRST SCHEDULE.

LIST OF FEES PAYABLE ON AND IN CONNECTION WITH LETTERS PATENT (j).

Up to Sealing.

	£	s.	d.	£	s.	d.
1. On application for provisional protection	1	0	0			
2. On filing complete specification	3	0	0			
	<hr/>			4	0	0
or						
3. On filing complete specification with first application . .				4	0	0
4. On appeal from comptroller to law officer. By appellant				3	0	0
5. On notice of opposition to grant of patent. By opponent				0	10	0
6. On hearing by comptroller. By applicant and by opponent respectively				1	0	0
7. On application to amend specification :—						
Up to sealing. By applicant				1	10	0
8. After sealing. By patentee				3	0	0
9. On notice of opposition to amendment. By opponent. .				0	10	0
10. On hearing by comptroller. By applicant and by opponent respectively				1	0	0
11. On application to amend specification during action or proceeding. By patentee				3	0	0

(j) These fees are to be in addition to those prescribed in the Second Schedule to the Act of 1883 (p. 329, *ante*). See r. 4 of the P. R. 1883, p. 336, *ante*. Further, see P. R. 1886, First Schedule, *post*, p. 357.

12.	On application to the Board of Trade for a compulsory licence. By person applying.....	£	s.	d.
13.	On opposition to grant of compulsory licence. By patentee.....	5	0	0
14.	On certificate of renewal:—			
	Before end of 4 years from date of patent.....	50	0	0
15.	Before end of 7 years, or in the case of patents granted under the "Patents, Designs, and Trade Marks Act, 1883," before the end of 8 years from date of patent	100	0	0
	or in lieu of the fees of 50 <i>l.</i> and 100 <i>l.</i> , the following annual fees:—			
16.	Before the expiration of the 4th year from the date of the patent	10	0	0
17.	" " 5th " " ..	10	0	0
18.	" " 6th " " ..	10	0	0
19.	" " 7th " " ..	10	0	0
20.	" " 8th " " ..	15	0	0
21.	" " 9th " " ..	15	0	0
22.	" " 10th " " ..	20	0	0
23.	" " 11th " " ..	20	0	0
24.	" " 12th " " ..	20	0	0
25.	" " 13th " " ..	20	0	0

On enlargement of time for payment of renewal fees:—

26.	Not exceeding 1 month	3	0	0
27.	" 2 months	7	0	0
28.	" 3 months	10	0	0
29.	For every entry of an assignment, transmission, agreement, licence, or extension of patent.....	0	10	0
30.	For duplicate of letters patent.....each	2	0	0
31.	On notice to comptroller of intended exhibition of a patent under section 39	0	10	0
32.	Search or inspection fee	0	1	0
33.	For office copies.....every 100 words (but never less than one shilling)	0	0	4
34.	For office copies of drawings, cost according to agreement.			
35.	For certifying office copies, MSS. or printed.....each	0	1	0
36.	On request to comptroller to correct a clerical error ..	0	5	0
37.	For certificate of comptroller under section 96.....	0	5	0
38.	For altering address in register	0	5	0

(k).

(Signed) J. CHAMBERLAIN,
President of the Board of Trade.

21st December 1883.

Approved :

(Signed) CHARLES C. COTES,
HERBERT J. GLADSTONE,
Lords Commissioners of Her
Majesty's Treasury.

4th December 1883.

(k) For fees, Nos. 39 and 40, as to enlargement of time, see *post*, p. 357, in First Schedule to P. R. 1886.

THE SECOND SCHEDULE.

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(a) [FORMS A, A1, B & C (the first four) are abolished by P. R. 1885, rr. 4, 5, 7, *post*, pp. 356, 357, and for them are substituted the Forms A, A1, B & C at pp. 358—360, *post*.]

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM D.

FORM OF OPPOSITION TO GRANT OF PATENT.

[To be accompanied by an unstamped copy.]

* I ——— hereby give notice of my intention to oppose the grant of Letters Patent upon application No. ——— of ———, applied for by ——— upon the ground† ———.

(Signed)‡ ———.

To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.

* Here state name and full address.

† Here state upon which of the grounds of opposition permitted by section 11 of the Act the grant is opposed.

‡ Here insert signature of opponent or agent.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM E.

FORM OF APPLICATION FOR HEARING BY THE COMPTROLLER.

IN CASES OF REFUSAL TO ACCEPT, OPPOSITION, OR APPLICATIONS FOR AMENDMENTS, &c.

SIR,

_____ of (a) _____ hereby apply to be heard in reference to _____ and request that I may receive due notice of the day fixed for the hearing.

Sir,

Your obedient Servant.

*To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

(a) Here insert full address.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM F.

FORM OF APPLICATION FOR AMENDMENT OF SPECIFICATION OR DRAWINGS.

* _____ seek leave to amend the specification of Letters Patent No. _____ of 188—, as shown in red ink in the copy of the original specification hereunto annexed _____.

My reasons for making this amendment are as follows † _____.
(Signed) _____.

*To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

* Here state name and full address of applicant or patentee.

† Here state reasons for seeking amendment; and where the applicant is not the patentee, state what interest he possesses in the letters patent.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM G.

FORM OF OPPOSITION TO AMENDMENT OF SPECIFICATION OR DRAWINGS.

[To be accompanied by an unstamped copy.]

* _____ hereby give notice of objection to the proposed amendment of the specification or drawings of Letters Patent No. _____ of 188— for the following reason: † _____.

(Signed) _____.

*To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

* Here state name and full address of opponent.

† Here state reason of opposition.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM H.

FORM OF APPLICATION FOR COMPULSORY GRANT OF LICENCE.

[To be accompanied by an unstamped copy.]

*—— hereby request you to bring to the notice of the Board of Trade the accompanying petition for the grant of a licence to me by†

(Signed) ——.

NOTE.—The petition must clearly set forth the facts of the case and be accompanied by an examined copy thereof. See next form.

To the Comptroller,

Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.

* Here state name and full address of applicant.

† Here state name and address of patentee, and number and date of his patent.

Patents, Designs, and Trade Marks Act, 1883.

FORM H1.

FORM OF PETITION FOR COMPULSORY GRANT OF LICENCES.

TO THE LORDS OF THE COMMITTEE OF PRIVY COUNCIL FOR TRADE.

THE PETITION of (a) —— of —— in the county of ——, being a person interested in the matter of this petition as hereinafter described:—

SHEWETH as follows:—

1. A patent dated —— No. —— was duly granted to —— for an invention of (b) ——.

2. The nature of my interest in the matter of this petition is as follows:—(c)

3. (d)

Having regard to the circumstances above stated, the petitioner alleges that by reason of the aforesaid default of the patentee to grant licences on reasonable terms (e)

Your petitioner therefore prays that
an order may be made by the Board of
Trade (f)

or that the petitioner may have such
other relief in the premises as the Board
of Trade may deem just.

(a) Here insert name, full address, and description.

(b) Here insert title of invention.

(c) Here state fully the nature of petitioner's interest.

(d) Here state in detail the circumstances of the case under section 22 of the said Act, and show that it arises by reason of the default of the patentee to grant licences on reasonable terms. The statement of the case should also show as far as possible that the terms of the proposed order are just and reasonable. The paragraphs should be numbered consecutively.

(e) Here state the ground or grounds on which relief is claimed in the language of section 22, sub-sections (a), (b), or (c), as the case may be.

(f) Here state the purport and effect of the proposed order and the terms as to the amount of royalties, security for payment, or otherwise, upon which the petitioner claims to be entitled to the relief in question.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM I.

FORM OF OPPOSITION TO COMPULSORY GRANT OF LICENCE.

* ——— hereby give notice of objection to the application of ———
for the compulsory grant of a licence under Patent No. ——— of
188 .

(Signed) ———.

*To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

* Here state name and full address.

—————

Patents, Designs, and Trade Marks Act, 1883.

FORM J.

APPLICATION FOR CERTIFICATE OF PAYMENT OR RENEWAL.

————— hereby transmit the fee prescribed for the continuation in
force of ——— Patent No. ———, of 18—, for a further period of
—————.

Name* ———.
Address ———.

*To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

* Here insert name and full address of patentee or his agent.

—————

CERTIFICATE OF PAYMENT OR RENEWAL.

[PATENT.]

Letters Patent No. ———, of 18—.

————— 18—.

This is to certify that ——— did this ——— day of ——— 18—,
make the prescribed payment of £——— in respect of a period
of ——— from ———, and that by virtue of such payment the rights
of ——— remain in force.*

(Seal.)

Patent Office, London.

* See section 17 of the Patents, Designs, and Trade Marks Act, 1883, p. 311, *ante*.

PATENTS RULES, 1883.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM K.

FORM OF APPLICATION FOR ENLARGEMENT OF TIME FOR PAYMENT OF
RENEWAL FEE.

SIR,

I HEREBY apply for an enlargement of time for ——— month in
which to make the ——— payment of £—— upon my Patent,
No. ———, of 188 .

I am,

Sir,

Your obedient Servant,

(a) ———

To the Comptroller,

*Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

(a) Here insert full address to which receipt is to be sent.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM L.

FORM OF REQUEST TO ENTER NAME UPON THE REGISTER OF PATENTS,
AND OF DECLARATIONS IN SUPPORT THEREOF.

I (a), ——— hereby request that you will enter (b) ——— name (c)
in the Register of Patents:—

(d) ——— claim to be entitled (e) ——— of the Patent No. ———
of 188—, granted to (f) ——— for (g) ——— by virtue of (h) ———.

And in proof whereof I transmit the accompanying (i) ——— with
an examined copy thereof (j).

I am,

Sir,

Your obedient Servant,

To the Comptroller,

*Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

-
- (a) Or We. Here insert name, full address, and description.
(b) My or our.
(c) Or names.
(d) I or We.
(e) Here insert the nature of the claim.
(f) Here give name and address, &c. of patentee or patentees.
(g) Here insert title of the invention.
(h) Here specify the particulars of such document, giving its date, and the parties to the same, and showing how the claim here made is substantiated.
(i) Here insert the nature of the document.
(j) Where any document which is a matter of record is required to be left, a certified or official copy in lieu of an examined copy must be left.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM M.

FORM OF REQUEST TO ENTER NOTIFICATION OF LICENCE IN THE REGISTER OF PATENTS.

SIR,

I HEREBY transmit an examined copy of a licence granted to me by _____ under Patent No. _____ of 188—, as well as the original licence for verification, and I have to request that a notification thereof may be entered in the register.

I am, Sir,

Your obedient servant,

(a) _____.

To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.

(a) Here insert full address.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM N.

APPLICATION FOR DUPLICATE OF PATENT.

Date.

SIR,

I REGRET to have to inform you that the Letters Patent, dated * _____, No. _____, granted to _____, for an invention of † _____, have been ‡ _____.

I beg therefore to apply for the issue of a duplicate of such Letters Patent.§

[Signature of Applicant.]

To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.

* Here insert date, No., name, and full address of Patentee.

† Here insert title of invention.

‡ Here insert the word "destroyed" or "lost," as the case may be.

§ Here state interest possessed by applicant in the Letters Patent.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM O.

NOTICE OF INTENDED EXHIBITION OF AN UNPATENTED INVENTION.

* _____ hereby give notice of my intention to exhibit a _____ of _____ at the _____ Exhibition, which † _____ of _____, 18—, under the provisions of the Patents, Designs, and Trade Marks Act of 1883.

† _____ herewith enclose _____.

(Signed) _____.

To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.

* Here state name and full address of applicant.

† State "opened" or "is to open."

‡ Insert brief description of invention, with drawings if necessary.

PATENTS RULES, 1883.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM P.

FORM OF REQUEST FOR CORRECTION OF CLERICAL ERROR.

SIR,

I HEREBY request that the following clerical error (a) may be corrected in (b).

Signature _____.

Full Address _____.

*To the Comptroller,
Patent Office, 25, Southampton Buildings.
Chancery Lane, London, W.C.*

(a) Or errors.

(b) Here state whether in application, specification, or register.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM Q.

CERTIFICATE OF COMPTROLLER-GENERAL.

Patent Office,
London,

_____, 18—.

I, _____, Comptroller-General of Patents, Designs, and Trade Marks, hereby certify

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM R.

FORM OF NOTICE FOR ALTERATION OF AN ADDRESS IN REGISTER.

SIR,

(a) _____ hereby request that _____ address now upon the Register may be altered as follows:—

(b) _____

Sir,

Your obedient Servant,

*To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

(a) Here state name or names and full address of applicant or applicants.

(b) Here insert full address.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM S.

FORM OF APPLICATION FOR ENTRY OF ORDER OF PRIVY
COUNCIL IN REGISTER.

(a) ——— hereby transmit an office copy of an Order in Council
with reference to (b)

—
Sir,
Your obedient Servant,

*To the Comptroller,
Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.*

(a) Here state name and full address of applicant.
(b) Here state the purport of the order.

Patents, Designs, and Trade Marks Act, 1883.

[PATENT.]

FORM T.

FORM OF APPEAL TO LAW OFFICER.

I, (a) ——— of (a) ——— hereby give notice of my intention to
appeal to the Law Officer from (b) ——— of the Comptroller of the
——— day of ——— 188—, whereby he (c) ——— No. (d) ——— of
the year 188— (d) ———.

Signature———.
Date———.

N.B.—This notice has to be sent to the Comptroller General at the
Patent Office, London, W.C., and a copy of same to the Law Officers'
Clerk at Room 549, Royal Courts of Justice, London.

21st December 1883.

(Signed) J. CHAMBERLAIN,
President of the Board of Trade.

(a) Here insert name and full address of appellant.
(b) Here insert "the decision" or "that part of the decision" as the case
may be.
(c) Here insert "refused [or allowed] application for Patent," or "refused [or
allowed] application for leave to amend Patent," or otherwise, as the case may be.
(d) Insert number and year.

LAW OFFICER'S RULES.

RULES REGULATING THE PRACTICE AND PROCEDURE ON APPEALS TO THE LAW OFFICERS.

I. When any person intends to appeal to the law officer from a decision of the Comptroller in any case in which such appeal is given by the Act, he shall within fourteen days from the date of the decision appealed against file in the Patent Office a notice of such his intention.

II. Such notice shall state the nature of the decision appealed against, and whether the appeal is from the whole, or part only, and if so, what part of such decision.

III. A copy of such notice of intention to appeal shall be sent by the party so intending to appeal to the law officers' clerk at room 549, Royal Courts of Justice, London; and when there has been an opposition before the Comptroller, to the opponent or opponents; and when the Comptroller has refused to seal a patent on the ground that a previous application for a patent for the same invention is pending, to the prior applicant.

IV. Upon notice of appeal being filed, the Comptroller shall forthwith transmit to the law officers' clerk all the papers relating to the matter of the application in respect of which such appeal is made.

V. No appeal shall be entertained of which notice is not given within fourteen days from the date of the decision appealed against, or such further time as the Comptroller may allow, except by special leave upon application to the law officer.

VI. Seven days' notice, at least, of the time and place appointed for the hearing of any appeal, shall be given by the law officers' clerk, unless special leave be given by the law officer that any shorter notice be given.

VII. Such notice shall in all cases be given to the Comptroller and the appellant; and, when there has been an opposition before the Comptroller, to the opponent or opponents; and, when the Comptroller has refused to seal a patent on the ground that an application for a patent for the same invention is pending, to the prior applicant.

VIII. The evidence used on appeal to the law officer shall be the same as that used at the hearing before the Comptroller; and no further evidence shall be given, save as to matters which have occurred or come to the knowledge of either party, after the date of the decision appealed against, except with the leave of the law officer upon application for that purpose.

IX. The law officer shall, at the request of either party, order the attendance at the hearing on appeal, for the purpose of being cross-examined, of any person, who has made a declaration in the matter to which the appeal relates, unless in the opinion of the law officer there is good ground for not making such order.

X. Any person requiring the attendance of a witness for cross-examination shall tender to the witness whose attendance is required a reasonable sum for conduct-money.

XI. Where the law officer orders that costs shall be paid by any party to another, he may fix the amount of such costs, and if he shall not think fit to fix the amount thereof, he shall direct by whom and in what manner the amount of such costs shall be ascertained.

XII. If any costs so ordered to be paid be not paid within fourteen days after the amount thereof has been so fixed or ascertained, or such shorter period as shall be directed by the law officer, the party to whom such costs are to be paid may apply to the law officer for an order for payment under the provisions of section 38 of the Act.

XIII. All documentary evidence required, or allowed by the law officer to be filed, shall be subject to the same regulations, in all respects, as apply to the procedure before the Comptroller, and shall be filed in the patent office, unless the law officer shall order to the contrary.

XIV. Any notice or other document required to be given to the law officers' clerk, under these rules, may be sent by a prepaid letter through the post.

HENRY JAMES, A.G.
FARRER HERSCHELL, S.G.

PATENTS RULES, 1885.



By virtue of the provisions of the Patents, Designs, and Trade Marks Act, 1883 (hereinafter referred to as the principal Act), the Board of Trade do hereby make the following rules :—

SHORT TITLE.

Short title. 1. These rules may be cited as the Patents Rules, 1885.

COMMENCEMENT.

Commence- 2. These rules shall come into operation from and immediately after
ment. the 14th day of August, 1885.

FEES.

Fees. 3. In addition to the fees mentioned in the second schedule to the principal Act so far as it relates to patents, and in the list of fees contained in the first schedule to the Patents Rules, 1883, there shall be paid under the said Act and the Patents, Designs, and Trade Marks (Amendment) Act, 1885, the fees specified in the first schedule to these Rules.

FORMS.

Forms. 4. The Forms A, B, and C in the first schedule to the principal Act
Alterations. shall be altered or amended by the substitution therefor respectively of the Forms A, A1, B and C in the second schedule hereto.

Application. 5. (1.) An application for a patent containing the declaration mentioned in sub-section 2 of section 5 of the principal Act shall be made either in the Form A or the Form A1, set forth in the second schedule hereto, as the case may be (1).

Specification. (2.) The Form B in such schedule of provisional specification and the Form C of complete specification shall respectively be used.

Other forms. (3.) The remaining forms other than A, A1, B, and C, set forth in the second schedule to the Patents Rules, 1883, and in the second

(1) As to these applications, see *ante*, pp. 11—13, and sect. 5 of the Act of 1883, *ante*, p. 308.

schedule hereto respectively, may, as far as they are applicable, be used in any proceedings under these Rules.

EXTENSION OF TIME.

6. An application for extension of time for leaving or accepting a complete specification shall be in writing and shall state in detail in what circumstances and upon what grounds such extension is applied for, and the comptroller may require the applicant to substantiate such allegations by such proof as the comptroller may think necessary.

Extension of
time for
leaving and
accepting
complete
specification.

REPEAL.

7. Rules 5 and 6 of the Patents Rules, 1883, shall be and they are hereby repealed as from the 14th day of August, 1885, without prejudice, nevertheless, to any application then pending.

(Signed) RICHMOND AND GORDON,
President of the Board of Trade.

15th August, 1885.

FIRST SCHEDULE.

	(m)	£	s.	d.
No. 39.—For enlargement of time for filing complete specification not exceeding one month		2	0	0
No. 40.—For enlargement of time for acceptance of complete specification—				
Not exceeding one month		2	0	0
,, two months		4	0	0
,, three months		6	0	0

(Signed) RICHMOND AND GORDON,
President of the Board of Trade.

15th August, 1885.

Approved.

(Signed) SIDNEY HERBERT,
W. H. WALROND,
Lords Commissioners of her
Majesty's Treasury.

15th August, 1885.

(m) For Nos. 1—38, see First Schedule to P. R. 1883, p. 344, *ante*. Both sets of fees are in addition to those prescribed in the Second Schedule (p. 329, *ante*) to the principal Act. See Rule 3 of the above Rules (1885).

SECOND SCHEDULE.

Patents, Designs, and Trade Marks Acts, 1883 and 1885.

[PATENT.]

FORM A ⁽¹⁾.

APPLICATION FOR PATENT.

(a) ———, do hereby declare that ——— in possession of an invention for (b) ——— that (c) ——— the true and first inventor — thereof; and that the same is not in use by any other person or persons to the best of ——— knowledge and belief; and ——— humbly pray that a Patent may be granted to ——— for the said invention.

Dated ——— day of ——— 188—.

(d) ———.

NOTE.—Where application is made through an Agent (Rules 8 and 9 of Patents Rules, 1883), the authorization on the back (if used) should be signed by the applicant or applicants.

(a) Here insert name and full address and calling of applicant or applicants.

(b) Here insert title of invention.

(c) In the case of more than one applicant, state whether all, or if not, who is or are the inventor or inventors.

(d) To be signed by applicant or applicants.

For the convenience of applicants, suggested forms of authorization to an Agent and statement of address respectively are printed below. *They are not, however, to be deemed to be binding upon applicants, no particular form of these documents having been prescribed by the Act or Rules.*

(1.) *Where application is made through an Agent (Rules 8 and 9 of Patents Rules, 1883).*

——— hereby appoint ——— of ——— to act as ——— Agent in respect of the within application for a Patent, and request that all notices, requisitions, and communications relating thereto may be sent to such Agent at the above address.

——— day of ——— 188—.

* ———.

* To be signed by applicant or applicants.

(2.) *Where application is made without an Agent (Rule 9 of Patents Rules, 1883).*

——— hereby request that all notices, requisitions, and communications in respect of the within application may be sent to ——— at ———.

——— day of ——— 188—.

† ———.

† To be signed by applicant or applicants.

⁽¹⁾ For reference to this Form, see sect. 5, sub-s. 1, of the principal Act, *ante*, p. 308.

Patents, Designs, and Trade Marks Acts, 1883 and 1885.

[PATENT.]

FORM A1 ⁽¹⁾.

APPLICATION FOR PATENT FOR INVENTIONS COMMUNICATED FROM ABROAD.

I (a) — of — in the county of — do hereby declare that I am in possession of an invention for (b) — which invention has been communicated to me from abroad by (c) — that I claim to be the true and first inventor thereof; and that the same is not in use within this realm by any other person or persons to the best of my knowledge and belief; and I humbly pray that a Patent may be granted to me for the said invention.

Dated — day of — 188—.

(d) —.

NOTE.—Where application is made through an Agent (Rules 8 and 9 of Patents Rules, 1883) the authorization on the back (if used) should be signed by the applicant or applicants.

(a) Here insert name and full address and calling of applicant.

(b) Here insert title of invention.

(c) Here insert name, address, and calling of communicant.

(d) To be signed by applicant or applicants.

For the convenience of applicants, suggested forms of authorization to an Agent and statement of address respectively are printed below. *They are not, however, to be deemed to be binding upon applicants, no particular form of these documents having been prescribed by the Act or Rules.*

(1.) *Where application is made through an Agent (Rules 8 and 9 of Patents Rules, 1883).*

— hereby appoint — of — to act as — Agent in respect of the within application for a Patent, and request that all notices, requisitions, and communications relating thereto may be sent to such Agent at the above address.

— day of — 188—.

* —.

* To be signed by applicant or applicants.

(2.) *Where application is made without an Agent (Rule 9 of Patents Rules, 1883).*

— hereby request that all notices, requisitions, and communications in respect of the within application may be sent to — at —.

— day of — 188—.

† —.

† To be signed by applicant or applicants.

(¹) For reference to this Form, see sect. 5, sub-s. 1, of the principal Act, *ante*, p. 308, and for observations on such applications, see *ante*, pp. 11—13.

To be issued with form A or A1.

Patents, Designs, and Trade Marks Acts, 1883 and 1885.

Form B ⁽¹⁾.

PROVISIONAL SPECIFICATION.

(To be furnished in duplicate.)

(a) ———, (b) ———, do hereby declare the nature of this invention to be as follows (c) : ———.

NOTE.—No stamp is required on this document, which must form the commencement of the Provisional Specification; the continuation to be upon wide-ruled foolscap paper (but on one side only) with a margin of two inches on left hand of paper. The Provisional Specification and the "Duplicate" thereof must be signed by the applicant, or his agent, on the last sheet, the date being first inserted as follows :—

"Dated this ——— day of ———, 18—."

(a) Here insert title as in declaration.

(b) Here insert name, and full address and calling of applicant or applicants as in declaration.

(c) Here insert short description of invention.

Patents, Designs, and Trade Marks Acts, 1883 and 1885.

Where provisional specification
has been left, quote No. and
date.

No. ———

Date ———

[PATENT.]

Form C ⁽²⁾.

COMPLETE SPECIFICATION.

(To be furnished in duplicate—one unstamped.)

(a) ———, (b) ———, do hereby declare the nature of this invention and in what manner the same is to be performed, to be particularly described and ascertained in and by the following statement (c) : ———.

NOTE.—This document must form the commencement of the Complete Specification; the continuation to be upon wide-ruled foolscap paper (but on one side only) with a margin of two inches on left hand of paper. The Complete Specification and the "Duplicate" thereof must be signed by the applicant, or his agent, on the last sheet, the date being first inserted as follows :—

"Dated this ——— day of ———, 18—."

(a) Here insert title as in declaration.

(b) Here insert name, and full address, and calling of applicant or applicants as in declaration.

(c) Here insert full description of invention *which must end with a distinct statement of claim or claims, in the following form* :

"Having now particularly described and ascertained the nature of my said Invention, and in what manner the same is to be performed, I declare that what I claim is :—

"(1.)

"(2.)

"(3.)

Here state distinctly the features of novelty claimed.

⁽¹⁾ As to provisional specifications, see sects. 5—15 of the principal Act, and pp. 4, 12, 13, *ante*.

⁽²⁾ As to complete specifications, see sects. 5—15 of the principal Act, and *ante*, pp. 5, 14, 15.

Patents, Designs, and Trade Marks Acts, 1883 and 1885.

[PATENT.]

FORM U (¹).

FORM OF APPLICATION FOR EXTENSION OF TIME FOR LEAVING A COMPLETE SPECIFICATION.

SIR,

_____ hereby apply for extension of time for one month in which to leave a complete specification upon application No. _____ dated _____.

The circumstances in and grounds upon which this extension is applied for are as follows (a):—

Sir,

Your obedient Servant,
(b) _____.

To the Comptroller,

Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.

(a) See Rule 6 of Patents Rules, 1885.

(b) To be signed by applicant or applicants or his or their agent.

Patents, Designs, and Trade Marks Acts, 1883 and 1885.

[PATENT.]

FORM V (²).

FORM OF APPLICATION FOR EXTENSION OF TIME FOR ACCEPTANCE OF A COMPLETE SPECIFICATION.

SIR,

_____ hereby apply for extension of time for _____ month— for the acceptance of the complete specification upon application No. _____ dated _____.

The circumstances in and grounds upon which this extension is applied for are as follows (a):—

Sir,

Your obedient Servant,
(b) _____.

To the Comptroller,

Patent Office, 25, Southampton Buildings,
Chancery Lane, London, W.C.

(a) See Rule 6 of Patents Rules, 1885.

(b) To be signed by applicant or applicants, or his or their agent.

(¹) As to time for leaving a complete specification, see sect. 8 of the principal Act, *ante*, p. 309. Extensions are authorized under sect. 3 of the Amendment Act of 1885, *ante*, p. 332.

(²) As to time for acceptance, see sect. 9, sub-s. 4 of the principal Act, *ante*, p. 309. Extensions of the time are authorized under sect. 3 of the Amendment Act, 1885, *ante*, p. 332.

PRIVY COUNCIL RULES.

—◆—

RULES to be observed in Proceedings before the Judicial Committee of the Privy Council under the Act of the 5 & 6 Will. 4, intituled "An Act to amend the Law touching Letters Patent for Inventions." (Cap. 83 (a).)

RULE I (b).

A PARTY intending to apply by petition under sect. 2 of the said Act, shall give public notice by advertising in the "London Gazette" three times, and in three London papers, and three times in some country paper published in the town where or near to which he carries on any manufacture of anything made according to his specification, or near to or in which he resides, in case he carries on no such manufacture, or published in the county where he carries on such manufacture, or where he lives, in case there shall not be any paper published in such town, that he intends to petition his Majesty under the said section, and shall in such advertisements state the object of such petition, and give notice of the day he intends to apply for a time to be fixed for hearing the matter of his petition (which day shall not be less than four weeks from the date of the publication of the last of the advertisements to be inserted in the "London Gazette"), and that on or before such day notice must be given of any opposition intended to be made to the petition; and any person intending to oppose the said application shall lodge notice to that effect at the Council Office, on or before such day so named in the said advertisements, and having lodged such notice shall be entitled to have from the petitioner four weeks' notice of the time appointed for the hearing.

RULE II.

A party intending to apply by petition under sect. 4 of the said Act, shall, in the advertisements directed to be published by the said section, give notice of the day on which he intends to apply for a time to be fixed for hearing the matter of his petition (which day shall not be less than four weeks from the date of the publication of the last of the advertisements to be inserted in the "London Gazette"), and that on or before such day caveats must be entered; and any person intending to enter a caveat shall enter the same at the Council Office, on or before such day so named in the said advertisements, and having entered

(a) These rules, except Rule I. (see next note), are still in force, as no rules have been made under sect. 25, sub-s. 6, of the Patents, &c. Act, 1883 (*ante*, p. 314). The Act of 5 & 6 Will. 4, c. 83, is repealed by the Act of 1883 (see Third Schedule, p. 330, *ante*).

(b) This rule related only to sect. 2 of the Act of Will. 4, as to proceedings for confirmation of letters patent. The new Acts do not provide for confirmation.

such caveat, shall be entitled to have from the petitioner four weeks' notice of the time appointed for the hearing.

NOTE.—This rule refers to proceedings for the prolongation or extension of letters patent. See sect. 25 of the Act of 1883 (p. 314, *ante*), as to the extension of the term in letters patent, which now takes the place of sect. 4 of the Act of Will. 4.

RULE III.

Petitions under sects. 2 and 4 of the said Act must be presented within one week from the insertion of the last of the advertisements required to be published in the "London Gazette."

NOTE.—See previous notes as to sections 2 and 4 of the Act of Will. 4.

RULE IV.

All petitions must be accompanied with affidavits of advertisements having been inserted according to the provisions of sect. 4 of the said Act (*c*), and the 1st and 2nd of these Rules, and the matters in such affidavits may be disputed by the parties opposing upon the hearing of the petitions.

RULE V.

All persons entering caveats under sect. 4 (*d*) of the said Act, and all parties to any former suit or action touching letters patent in respect of which petitions shall have been presented under sect. 2 (*e*) of the said Act, and all persons lodging notices of opposition under the 1st of these Rules, shall respectively be entitled to be served with copies of petitions presented under the said sections, and no application to fix a time for hearing shall be made without affidavit of such service.

RULE VI.

All parties served with petitions shall lodge at the Council Office within a fortnight after such service, notice of the grounds of their objections to the granting of the prayers of such petitions.

RULE VII.

Parties may have copies of all papers lodged in respect of any application under the said Act at their own expense.

RULE VIII.

The Registrar of the Privy Council, or other officer to whom it may be referred to tax the costs incurred in the matter of any petition presented under the said Act (*f*) shall allow or disallow in his discretion all payments made to persons of science or skill examined as witnesses to matters of opinion chiefly.

(*c*) For that section, now read sect. 25 of the Act of 1883, *ante*, p. 314.

(*d*) Sect. 25 of the Act of 1883 (p. 314, *ante*) must be here read for sect. 4 of the Act of Will. 4.

(*e*) See previous notes as to this section.

(*f*) Or now, under the Act of 1883.

RULE IX.

A party applying for an extension of a patent under sect. 4 of the said Act (g) must lodge at the Council Office six printed copies of the specification, and also four copies of the balance-sheet of expenditure and receipts relating to the patent in question, which accounts are to be proved on oath before the lords of the committee at the hearing. In the event of the applicant's specification not having been printed, and if the expense of making six copies of any drawing therein contained or referred to would be considerable, the lodging of two copies only of such specification and drawing will be deemed sufficient.

All copies mentioned in this rule must be lodged not less than one week before the day fixed for hearing the application.

The Judicial Committee will hear the Attorney-General or other counsel on behalf of the Crown, against granting any application made under either the 2nd or 4th section of the said Act, in case it shall be thought fit to oppose the same on such behalf.

(g) See previous notes as to this section.

INTERNATIONAL CONVENTION (a).

ARTICLE I.

THE governments of Belgium, Brazil, Spain, France, Guatemala, Italy, Holland, Portugal, Salvador, Servia and Switzerland, constitute themselves into an Union for the protection of industrial property (b).

ARTICLE II.

The subjects or citizens of each of the contracting states shall in all other states of the Union as regards patents enjoy the advantages that their respective laws now grant, or shall hereafter grant, to their own subjects or citizens.

Consequently they shall have the same protection as the latter, and the same legal recourse on any infringement of their rights, provided they observe the formalities and conditions imposed on subjects or citizens by the internal legislation of each state.

ARTICLE III.

Subjects or citizens of states not forming part of the Union, who are domiciled or have industrial or commercial establishments on the territory of any of the states of the Union, shall be assimilated to the subjects or citizens of the contracting states.

ARTICLE IV.

Any person who has duly registered an application for a patent . . . in one of the contracting states, shall enjoy as regards registration in the other states, and reserving the rights of third parties, a right of priority during the periods hereinafter stated.

Consequently subsequent registration in any of the other states of the Union before expiry of these periods, shall not be invalidated through any acts accomplished in the interval either, for instance, by registration, by publication of the invention, or the working of it by a third party . . .

The above-mentioned terms of priority shall be six months for patents A month longer is allowed for countries beyond sea.

ARTICLE V.

The introduction by the patentee into the country where the patent has been granted of objects manufactured in any of the states of the Union, shall not entail forfeiture.

(a) Reference is made to this at p. 36, *ante*.

(b) To these are now to be added Great Britain, Norway, Sweden, San Domingo, Tunis, and the colony of Queensland. See Article XVI., *post*, as to the adhesion to the Union of States not parties to the Convention. Salvador has since withdrawn. Ecuador joined and afterwards withdrew.

Nevertheless the patentee shall remain bound to work his patent in conformity with the laws of the country into which he introduces the patented objects.

* * * * *

ARTICLE XI.

The high contracting parties agree to grant temporary protection to patentable inventions . . . for articles appearing at official or officially recognized international exhibitions.

ARTICLE XII.

Each of the high contracting parties agrees to establish a special government department for industrial property and a central office for communication to the public of patents . . . (c).

ARTICLE XIII.

An international office shall be organized under the name of "Bureau International de l'Union pour la Protection de la Propriété Industrielle."

This office, the expense of which shall be defrayed by the Governments of all the contracting states, shall be placed under the high authority of the Central Administration of the Swiss Confederation, and shall work under its supervision. Its functions shall be determined by agreement between the states of the Union (d).

ARTICLE XIV.

The present Convention shall be submitted to periodical revisions with a view to introducing improvements calculated to perfect the system of the Union.

To this end conferences shall be successively held in each of the contracting states by delegates of the said states.

ARTICLE XV.

It is agreed that the high contracting parties respectively reserve to themselves the right to make separately as between themselves special arrangements for the protection of industrial property, in so far as such arrangements do not contravene the provisions of the present Convention.

ARTICLE XVI.

States which have not taken part in the present Convention shall be permitted to adhere to it at their request.

This adhesion shall be notified diplomatically to the Government of the Swiss Confederation, and by the latter to all the others. It shall imply, *de jure*, accession to all the clauses and admission to all the advantages stipulated by the present Convention.

(c) See next note.

(d) The International Office is at Berne, Switzerland, from which issues the monthly periodical, "La Propriété Universelle." The yearly subscription, including postage, for all countries within the Postal Union is 5 francs 60 centimes, and should be forwarded to MM. Jent and Reinert, Imprimeurs, Berne.

ARTICLE XVII.

The carrying out of the reciprocal engagements contained in the present Convention is subordinated in so far as necessary to the observance of the formalities and rules established by the constitutional laws of those of the high contracting parties, who are obliged to elicit their application, which they engage to do, as early as possible.

ARTICLE XVIII.

The present Convention shall come into operation within one month after exchange of ratifications, and shall remain in force for an unlimited time, till the expiry of one year from the date of its denunciation. This denunciation shall be addressed to the Government commissioned to receive adhesions. It shall only affect the state which shall have denounced the Convention—the Convention remaining intact for the other contracting parties.

ARTICLE XIX.

The present Convention shall be ratified, and the ratifications of it exchanged in Paris within one year at the latest.

IN WITNESS whereof the Plenipotentiaries have signed it and thereto affixed their seals.

Done at Paris the 20th of March, 1883.

PROTOCOL.

The Plenipotentiaries of the contracting states, when signing the accompanying Convention, at the same time signed an explanatory Protocol, the substance of which is as follows:—

1. The words "industrial property" are to be understood in their broadest sense; they are not to apply simply to industrial products properly so called, but also to agricultural products (wines, corns, fruits, cattle, &c.), and to mineral products employed in commerce (mineral waters, &c.).

2. Under the word "patents" are comprised the various kinds of industrial patents recognized by the legislation of the contracting states, such as improvement patents, &c.

3. The last paragraph of Article II. does not affect the legislation of the contracting states, relating to legal procedure, jurisdiction, &c.

* * * * *

5. Each country of the Union shall publish, if practicable, an official newspaper in connection with the special government department mentioned in Article XII.

6. [This paragraph relates to the working of the International Office at Berne, the expense of which is to be divided in a given proportion amongst the several states forming the Union.]

7. The present Protocol, which shall be ratified along with the Convention, shall have the same force, validity and duration as the Convention itself.

PARTNERSHIP LAW AMENDMENT ACT, 1865.

28 & 29 VICT. c. 86 (a).

An Act to amend the Law of Partnership.

[5th July, 1865.]

1. The advance of money by way of loan to a person engaged or about to engage in any trade or undertaking upon a contract in writing with such person that the lender shall receive a rate of interest varying with the profits, or shall receive a share of the profits arising from carrying on such trade or undertaking, shall not of itself constitute the lender a partner with the person or the persons carrying on such trade or undertaking, or render him responsible as such.

2. No contract for the remuneration of a servant or agent of any person engaged in any trade or undertaking by a share of the profits of such trade or undertaking shall of itself render such servant or agent responsible as a partner therein nor give him the rights of a partner.

3. No person being the widow or child of the deceased partner of a trader, and receiving by way of annuity a portion of the profits made by such trader in his business, shall by reason only of such receipt be deemed to be a partner of or to be subject to any liabilities incurred by such trader.

4. No person receiving by way of annuity or otherwise a portion of the profits of any business in consideration of the sale by him of the goodwill of such business, shall by reason only of such receipt be deemed to be a partner of or be subject to the liabilities of the person carrying on such business.

5. In the event of any such trader as aforesaid being adjudged a bankrupt, or taking the benefit of any act for the relief of insolvent debtors, or entering into an arrangement to pay his creditors less than twenty shillings in the pound, or dying in insolvent circumstances, the lender of any such loan as aforesaid shall not be entitled to recover any portion of his principal or of the profits or interest payable in respect of such loan; nor shall any such vendor of a goodwill as aforesaid be entitled to recover any such profits as aforesaid until the claims of the other creditors of the said trader for valuable consideration in money or money's worth have been satisfied.

6. In the construction of this Act the word "person" shall include a partnership firm, a joint stock company, and a corporation.

(a) This Act is referred to *ante*, pp. 30, 31, 124, 209.

CONVEYANCING AND LAW OF PROPERTY ACT,
1881.

44 & 45 VICT. c. 41. (*In part.*)

An Act for simplifying and improving the practice of Conveyancing; and for vesting in trustees, mortgagees, and others various powers commonly conferred by provisions inserted in settlements, mortgages, wills, and other instruments; and for amending in various particulars the Law of Property; and for other purposes.

[22nd August, 1881.]

I.—PRELIMINARY.

PRELIMINARY.

1.—(1.) This Act may be cited as the Conveyancing and Law of Property Act, 1881.

Short title;
commence-
ment; extent.

(2.) This Act shall commence and take effect from and immediately after the thirty-first day of December one thousand eight hundred and eighty-one.

(3.) This Act does not extend to Scotland.

2. In this Act—

(i.) Property, unless a contrary intention appears, includes real and personal property, and any estate or interest in any property, real or personal, and any debt, and any thing in action, and any other right or interest:

Interpreta-
tion of pro-
perty, land,
&c.

(v.) Conveyance, unless a contrary intention appears, includes assignment, appointment, lease, settlement, and other assurance, and covenant to surrender, made by deed, on a sale, mortgage, demise, or settlement of any property, or on any other dealing with or for any property; and convey, unless a contrary intention appears, has a meaning corresponding with that of conveyance:

(vi.) Mortgage includes any charge on any property for securing money or money's worth; and mortgage money means money or money's worth, secured by a mortgage; and mortgagor includes any person from time to time deriving title under the original mortgagor, or entitled to redeem a mortgage, according to his estate, interest, or right, in the mortgaged property; and mortgagee includes any person from time to time deriving title under the original mortgagee; and mortgagee in possession is, for the purposes of this Act, a mortgagee who, in right of the mortgage, has entered into and is in possession of the mortgaged property:

(vii.) Incumbrance includes a mortgage in fee, or for a less estate, and a trust for securing money, and a lien, and a charge of a portion, annuity, or other capital or annual sum; and incumbrancer has a meaning corresponding with that of incumbrance, and includes every person entitled to the benefit of an incumbrance, or to require payment or discharge thereof:

(viii.) Purchaser, unless a contrary intention appears, includes a lessee or mortgagee, and an intending purchaser, lessee, or mortgagee, or other person, who, for valuable consideration, takes or deals for any property; and purchase, unless a contrary intention appears, has a meaning corresponding with that of purchaser; but sale means only a sale properly so called:

(ix.) Rent includes yearly or other rent, toll, duty, royalty, or other reservation, by the acre, the ton, or otherwise; and fine includes premium or fore-gift, and any payment, consideration, or benefit in the nature of a fine, premium, or fore-gift:

(xii.) Will includes codicil:

(xiii.) Instrument includes deed, will, inclosure award, and Act of Parliament:

(xiv.) Securities include stocks, funds, and shares:

(xv.) Bankruptcy includes liquidation by arrangement, and any other act or proceeding in law having, under any Act for the time being in force, effects or results similar to those of bankruptcy; and bankrupt has a meaning corresponding with that of bankruptcy:

(xvi.) Writing includes print; and words referring to any instrument, copy, extract, abstract, or other document include any such instrument, copy, extract, abstract, or other document being in writing or in print, or partly in writing and partly in print:

(xvii.) Person includes a corporation:

(xviii.) Her Majesty's High Court of Justice is referred to as the Court.

Covenants for Title.

Covenants for title to be implied.

Covenants for Title.

7.—(1.) In a conveyance there shall, in the several cases in this section mentioned, be deemed to be included, and there shall in those several cases, by virtue of this Act, be implied, a covenant to the effect in this section stated, by the person or by each person who conveys, as far as regards the subject-matter or share of subject-matter expressed to be conveyed by him, with the person, if one, to whom the conveyance is made, or with the persons jointly, if more than one, to whom the conveyance is made as joint tenants, or with each of the persons, if more than one, to whom the conveyance is made as tenants in common, that is to say:

(A.) In a conveyance for valuable consideration, other than a mortgage, the following covenant by a person who conveys and is expressed to convey as beneficial owner (namely):

That, notwithstanding anything by the person who so conveys, or anyone through whom he derives title, otherwise than by purchase for value, made, done, executed, or omitted, or knowingly suffered, the person who so conveys, has, with the concurrence of every other person, if any, conveying by his direction, full power to convey the subject-matter expressed to be conveyed, subject as, if so expressed, and in the manner in which, it is expressed to be conveyed, and that, notwithstanding anything as aforesaid, that subject-matter shall remain to and be quietly entered upon, received, and held, occupied, enjoyed, and taken, by the person to whom the conveyance is expressed to be made, and any person deriving title under him, and the benefit thereof shall be received and taken accordingly, without any lawful interruption or disturbance by the person who so conveys or any person conveying by his direction, or rightfully claiming or to claim by, through, under, or in trust for the person who so conveys, or any person conveying by his direction, or by, through, or under any one not

On conveyance for value, by beneficial owner.

Right to convey.

Quiet enjoyment.

being a person claiming in respect of an estate or interest subject whereto the conveyance is expressly made, through whom the person who so conveys derives title, otherwise than by purchase for value; and that, freed and discharged from, or otherwise by the person who so conveys sufficiently indemnified against, all such estates, incumbrances, claims, and demands other than those subject to which the conveyance is expressly made, as either before or after the date of the conveyance have been or shall be made, occasioned, or suffered by that person or by any person conveying by his direction, or by any person rightfully claiming by, through, under, or in trust for the person who so conveys, or by, through, or under any person conveying by his direction, or by, through, or under any one through whom the person who so conveys derives title, otherwise than by purchase for value; and further, that the person who so conveys, and any person conveying by his direction, and every other person having or rightfully claiming any estate or interest in the subject-matter of conveyance, other than an estate or interest subject whereto the conveyance is expressly made, by, through, under, or in trust for the person who so conveys, or by, through, or under any person conveying by his direction, or by, through, or under any one through whom the person who so conveys derives title, otherwise than by purchase for value, will, from time to time and at all times after the date of the conveyance, on the request and at the cost of any person to whom the conveyance is expressed to be made, or of any person deriving title under him, execute and do all such lawful assurances and things for further or more perfectly assuring the subject-matter of the conveyance to the person to whom the conveyance is made, and to those deriving title under him, subject, as if so expressed, and in the manner in which the conveyance is expressed to be made, as by him or them or any of them shall be reasonably required:

Freedom from incumbrance.

Further assurance.

(in which covenant a purchase for value shall not be deemed to include a conveyance in consideration of marriage):

(C.) In a conveyance by way of mortgage, the following covenant by a person who conveys and is expressed to convey as beneficial owner (namely):

On mortgage, by beneficial owner.

That the person who so conveys, has, with the concurrence of every other person, if any, conveying by his direction, full power to convey the subject-matter expressed to be conveyed by him, subject as, if so expressed, and in the manner in which it is expressed to be conveyed; and also that, if default is made in payment of the money intended to be secured by the conveyance, or any interest thereon, or any part of that money or interest, contrary to any provision in the conveyance, it shall be lawful for the person to whom the conveyance is expressed to be made, and the persons deriving title under him, to enter into and upon, or receive, and thenceforth quietly hold, occupy, and enjoy or take and have, the subject-matter expressed to be conveyed, or any part thereof, without any lawful interruption or disturbance by the person who so conveys, or any person conveying by his direction, or any other person not being a person claiming in respect of an estate or interest subject whereto the conveyance is expressly made; and that, freed and discharged from, or otherwise by the person who so conveys sufficiently indemnified against, all estates, incumbrances, claims, and demands whatever, other

Right to convey. Quiet enjoyment.

Freedom from incumbrances.

Further
assurance.

than those subject whereto the conveyance is expressly made; and further, that the person who so conveys and every person conveying by his direction, and every person deriving title under any of them, and every other person having or rightfully claiming any estate or interest in the subject-matter of conveyance, or any part thereof, other than an estate or interest subject whereto the conveyance is expressly made, will from time to time and at all times, on the request of any person to whom the conveyance is expressed to be made, or of any person deriving title under him, but, as long as any right of redemption exists under the conveyance, at the cost of the person so conveying, or of those deriving title under him, and afterwards at the cost of the person making the request, execute and do all such lawful assurances and things for further or more perfectly assuring the subject-matter of conveyance and every part thereof to the person to whom the conveyance is made, and to those deriving title under him, subject as, if so expressed, and in the manner in which the conveyance is expressed to be made, as by him or them or any of them shall be reasonably required:

On settle-
ment.

(E.) In a conveyance by way of settlement, the following covenant by a person who conveys and is expressed to convey as settlor (namely):

For further
assurance,
limited.

That the person so conveying, and every person deriving title under him by deed or act or operation of law in his lifetime subsequent to that conveyance, or by testamentary disposition or devolution in law, on his death, will, from time to time, and at all times, after the date of that conveyance, at the request and cost of any person deriving title thereunder, execute and do all such lawful assurances and things for further or more perfectly assuring the subject-matter of the conveyance to the persons to whom the conveyance is made and those deriving title under them, subject as, if so expressed, and in the manner in which the conveyance is expressed to be made, as by them or any of them shall be reasonably required:

On convey-
ance by
trustee or
mortgagee.

(F.) In any conveyance, the following covenant by every person who conveys and is expressed to convey as trustee or mortgagee, or as personal representative of a deceased person, or as committee of a lunatic so found by inquisition, or under an order of the Court, which covenant shall be deemed to extend to every such person's own acts only (namely):

Against in-
cumbrances.

That the person so conveying has not executed or done, or knowingly suffered, or been party or privy to, any deed or thing, whereby or by means whereof the subject-matter of the conveyance, or any part thereof, is or may be impeached, charged, affected, or incumbered in title, estate, or otherwise, or whereby or by means whereof the person who so conveys is in anywise hindered from conveying the subject-matter of the conveyance, or any part thereof, in the manner in which it is expressed to be conveyed.

(2.) Where in a conveyance it is expressed that by direction of a person expressed to direct as beneficial owner another person conveys, then, within this section, the person giving the direction, whether he conveys and is expressed to convey as beneficial owner or not, shall be deemed to convey and to be expressed to convey as beneficial owner the subject-matter so conveyed by his direction; and a covenant on his part shall be implied accordingly.

(3.) Where a wife conveys and is expressed to convey as beneficial owner, and the husband also conveys and is expressed to convey as beneficial owner, then, within this section, the wife shall be deemed to convey and to be expressed to convey by direction of the husband, as beneficial owner; and, in addition to the covenant implied on the part of the wife, there shall also be implied, first, a covenant on the part of the husband as the person giving that direction; and secondly, a covenant on the part of the husband in the same terms as the covenant implied on the part of the wife.

(4.) Where in a conveyance a person conveying is not expressed to convey as beneficial owner, or as settlor, or as trustee, or as mortgagee, or as personal representative of a deceased person, or as committee of a lunatic so found by inquisition, or under an order of the Court, or by direction of a person as beneficial owner, no covenant on the part of the person conveying shall be, by virtue of this section, implied in the conveyance.

(6.) The benefit of a covenant implied as aforesaid shall be annexed and incident to, and shall go with, the estate or interest of the implied covenantee, and shall be capable of being enforced by every person in whom that estate or interest is, for the whole or any part thereof, from time to time vested.

(7.) A covenant implied as aforesaid may be varied or extended by deed, and, as so varied or extended, shall, as far as may be, operate in the like manner, and with all the like incidents, effects, and consequences, as if such variations or extensions were directed in this section to be implied.

(8.) This section applies only to conveyances made after the commencement of this Act.

Execution of Purchase Deed.

8.—(1.) On a sale, the purchaser shall not be entitled to require that the conveyance to him be executed in his presence, or in that of his solicitor, as such; but shall be entitled to have, at his own cost, the execution of the conveyance attested by some person appointed by him, who may, if he thinks fit, be his solicitor.

(2.) This section applies only to sales made after the commencement of this Act.

Execution of Purchase Deed.

Rights of purchaser as to execution.

Production and Safe Custody of Title Deeds.

9.—(1.) Where a person retains possession of documents, and gives to another an acknowledgment in writing of the right of that other to production of those documents, and to delivery of copies thereof (in this section called an acknowledgment), that acknowledgment shall have effect as in this section provided.

(2.) An acknowledgment shall bind the documents to which it relates in the possession or under the control of the person who retains them, and in the possession or under the control of every other person having possession or control thereof from time to time, but shall bind each individual possessor or person as long only as he has possession or control thereof; and every person so having possession or control from time to time shall be bound specifically to perform the obligations imposed under this section by an acknowledgment, unless prevented from so doing by fire or other inevitable accident.

(3.) The obligations imposed under this section by an acknowledgment are to be performed from time to time at the request in writing of the person to whom an acknowledgment is given, or of any

Production and Safe Custody of Title Deeds.

Acknowledgment of right to production, and undertaking for safe custody of documents.

person, not being a lessee at a rent, having or claiming any estate, interest, or right through or under that person, or otherwise becoming through or under that person interested in or affected by the terms of any document to which the acknowledgment relates.

(4.) The obligations imposed under this section by an acknowledgment are—

- (i.) An obligation to produce the documents or any of them at all reasonable times for the purpose of inspection, and of comparison with abstracts or copies thereof, by the person entitled to request production or by any one by him authorized in writing; and
- (ii.) An obligation to produce the documents or any of them at any trial, hearing, or examination in any court, or in the execution of any commission, or elsewhere in the United Kingdom, on any occasion on which production may properly be required, for proving or supporting the title or claim of the person entitled to request production, or for any other purpose relative to that title or claim; and
- (iii.) An obligation to deliver to the person entitled to request the same true copies or extracts, attested or unattested, of or from the documents or any of them.

(5.) All costs and expenses of or incidental to the specific performance of any obligation imposed under this section by an acknowledgment shall be paid by the person requesting performance.

(6.) An acknowledgment shall not confer any right to damages for loss or destruction of, or injury to, the documents to which it relates, from whatever cause arising.

(7.) Any person claiming to be entitled to the benefit of an acknowledgment may apply to the Court for an order directing the production of the documents to which it relates, or any of them, or the delivery of copies of or extracts from those documents or any of them to him, or some person on his behalf; and the Court may, if it thinks fit, order production, or production and delivery, accordingly, and may give directions respecting the time, place, terms, and mode of production or delivery, and may make such order as it thinks fit respecting the costs of the application, or any other matter connected with the application.

(8.) An acknowledgment shall by virtue of this Act satisfy any liability to give a covenant for production and delivery of copies of or extracts from documents.

(9.) Where a person retains possession of documents and gives to another an undertaking in writing for safe custody thereof, that undertaking shall impose on the person giving it, and on every person having possession or control of the documents from time to time, but on each individual possessor or person as long only as he has possession or control thereof, an obligation to keep the documents safe, whole, uncanceled, and undefaced, unless prevented from so doing by fire or other inevitable accident.

(10.) Any person claiming to be entitled to the benefit of such an undertaking may apply to the Court to assess damages for any loss, destruction of, or injury to the documents or any of them, and the Court may, if it thinks fit, direct an inquiry respecting the amount of damages, and order payment thereof by the person liable, and may make such order as it thinks fit respecting the costs of the application or any other matter connected with the application.

(11.) An undertaking for safe custody of documents shall by virtue of this Act satisfy any liability to give a covenant for safe custody of documents.

(12.) The rights conferred by an acknowledgment or an undertaking under this section shall be in addition to all such other rights relative to the production, or inspection, or the obtaining of copies of documents as are not, by virtue of this Act, satisfied by the giving of the acknowledgment or undertaking, and shall have effect subject to the terms of the acknowledgment or undertaking, and to any provisions therein contained.

(13.) This section applies only if and as far as a contrary intention is not expressed in the acknowledgment or undertaking.

(14.) This section applies only to an acknowledgment or undertaking given, or a liability respecting documents incurred, after the commencement of this Act.

IV.—MORTGAGES.

MORTGAGES.

15.—(1.) Where a mortgagor is entitled to redeem, he shall, by virtue of this Act, have power to require the mortgagee, instead of re-conveying, and on the terms on which he would be bound to re-convey, to assign the mortgage debt and convey the mortgaged property to any third person, as the mortgagor directs; and the mortgagee shall, by virtue of this Act, be bound to assign and convey accordingly.

Obligation on mortgagee to transfer instead of re-conveying.

(2.) This section does not apply in the case of a mortgagee being or having been in possession.

(3.) This section applies to mortgages made either before or after the commencement of this Act, and shall have effect notwithstanding any stipulation to the contrary (a).

16.—(1.) A mortgagor, as long as his right to redeem subsists, shall, by virtue of this Act, be entitled from time to time, at reasonable times, on his request, and at his own cost, and on payment of the mortgagee's costs and expenses in this behalf, to inspect and make copies or abstracts of or extracts from the documents of title relating to the mortgaged property in the custody or power of the mortgagee.

Power for mortgagor to inspect title deeds.

(2.) This section applies only to mortgages made after the commencement of this Act, and shall have effect notwithstanding any stipulation to the contrary.

17.—(1.) A mortgagor seeking to redeem any one mortgage, shall, by virtue of this Act, be entitled to do so, without paying any money due under any separate mortgage made by him, or by any person through whom he claims, on property other than that comprised in the mortgage which he seeks to redeem.

Restriction on consolidation of mortgages.

(2.) This section applies only if and as far as a contrary intention is not expressed in the mortgage deeds or one of them.

(3.) This section applies only where the mortgages or one of them are or is made after the commencement of this Act.

Sale ; Insurance ; Receiver ; Timber.

Sale ; Insurance ; Receiver ; Timber.

19.—(1.) A mortgagee, where the mortgage is made by deed, shall, by virtue of this Act, have the following powers, to the like extent as if they had been in terms conferred by the mortgage deed, but not further (namely):

Powers incident to estate or interest of mortgagee.

(i.) A power, when the mortgage money has become due, to sell, or

(a) See sect. 12 of the Conveyancing Act, 1882 (*post*, p. 384), extending the above section.

to concur with any other person in selling, the mortgaged property, or any part thereof, either subject to prior charges, or not, and either together or in lots, by public auction or by private contract, subject to such conditions respecting title, or evidence of title, or other matter, as he (the mortgagee) thinks fit, with power to vary any contract for sale, and to buy in at an auction, or to rescind any contract for sale, and to re-sell, without being answerable for any loss occasioned thereby; and

(iii.) A power, when the mortgage money has become due, to appoint a receiver of the income of the mortgaged property, or of any part thereof.

(2.) The provisions of this Act relating to the foregoing powers, comprised either in this section, or in any subsequent section regulating the exercise of those powers, may be varied or extended by the mortgage deed, and, as so varied or extended, shall, as far as may be, operate in the like manner and with all the like incidents, effects, and consequences, as if such variations or extensions were contained in this Act.

(3.) This section applies only if and as far as a contrary intention is not expressed in the mortgage deed, and shall have effect subject to the terms of the mortgage deed and to the provisions therein contained.

(4.) This section applies only where the mortgage deed is executed after the commencement of this Act.

Regulation of
exercise of
power of
sale.

20. A mortgagee shall not exercise the power of sale conferred by this Act unless and until—

- (i.) Notice requiring payment of the mortgage money has been served on the mortgagor or one of several mortgagors, and default has been made in payment of the mortgage money, or of part thereof, for three months after such service; or
- (ii.) Some interest under the mortgage is in arrear and unpaid for two months after becoming due; or
- (iii.) There has been a breach of some provision contained in the mortgage deed or in this Act, and on the part of the mortgagor, or of some person concurring in making the mortgage, to be observed or performed, other than and besides a covenant for payment of the mortgage money or interest thereon.

Conveyance,
receipt, &c.
on sale.

21.—(1.) A mortgagee exercising the power of sale conferred by this Act shall have power, by deed, to convey the property sold, for such estate and interest therein as is the subject of the mortgage, freed from all estates, interests, and rights to which the mortgage has priority, but subject to all estates, interests, and rights which have priority to the mortgage; except that, in the case of copyhold or customary land, the legal right to admittance shall not pass by a deed under this section, unless the deed is sufficient otherwise by law, or is sufficient by custom, in that behalf.

(2.) Where a conveyance is made in professed exercise of the power of sale conferred by this Act, the title of the purchaser shall not be impeachable on the ground that no case has arisen to authorize the sale, or that due notice was not given, or that the power was otherwise improperly or irregularly exercised; but any person damnified by an unauthorized, or improper, or irregular exercise of the power shall have his remedy in damages against the person exercising the power.

(3.) The money which is received by the mortgagee, arising from the sale, after discharge of prior incumbrances to which the sale is not made subject, if any, or after payment into Court under this Act of a sum to meet any prior incumbrance, shall be held by him in trust to be applied by him, first, in payment of all costs, charges, and expenses, properly incurred by him, as incident to the sale or any attempted sale, or otherwise; and secondly, in discharge of the mortgage money, interest, and costs, and other money, if any, due under the mortgage; and the residue of the money so received shall be paid to the person entitled to the mortgaged property, or authorized to give receipts for the proceeds of the sale thereof.

(4.) The power of sale conferred by this Act may be exercised by any person for the time being entitled to receive and give a discharge for the mortgage money.

(5.) The power of sale conferred by this Act shall not affect the right of foreclosure.

(6.) The mortgagee, his executors, administrators, or assigns, shall not be answerable for any involuntary loss happening in or about the exercise or execution of the power of sale conferred by this Act or of any trust connected therewith.

(7.) At any time after the power of sale conferred by this Act has become exerciseable, the person entitled to exercise the same may demand and recover from any person, other than a person having in the mortgaged property an estate, interest, or right in priority to the mortgage, all the deeds and documents relating to the property, or to the title thereto, which a purchaser under the power of sale would be entitled to demand and recover from him.

22.—(1.) The receipt in writing of a mortgagee shall be a sufficient discharge for any money arising under the power of sale conferred by this Act, or for any money or securities comprised in his mortgage, or arising thereunder; and a person paying or transferring the same to the mortgagee shall not be concerned to inquire whether any money remains due under the mortgage.

Mortgagee's receipts, discharges, &c.

(2.) Money received by a mortgagee under his mortgage or from the proceeds of securities comprised in his mortgage shall be applied in like manner as in this Act directed respecting money received by him arising from a sale under the power of sale conferred by this Act; but with this variation, that the costs, charges, and expenses payable shall include the costs, charges, and expenses properly incurred of recovering and receiving the money or securities, and of conversion of securities into money, instead of those incident to sale.

24.—(1.) A mortgagee entitled to appoint a receiver under the power in that behalf conferred by this Act shall not appoint a receiver until he has become entitled to exercise the power of sale conferred by this Act, but may then, by writing under his hand, appoint such person as he thinks fit to be receiver.

Appointment, powers, remuneration, and duties of receiver.

(2.) The receiver shall be deemed to be the agent of the mortgagor; and the mortgagor shall be solely responsible for the receiver's acts or defaults, unless the mortgage deed otherwise provides.

(3.) The receiver shall have power to demand and recover all the income of the property of which he is appointed receiver, by action, distress, or otherwise, in the name either of the mortgagor or of the mortgagee, to the full extent of the estate or interest which the mortgagor could dispose of, and to give effectual receipts, accordingly, for the same.

(4.) A person paying money to the receiver shall not be concerned to inquire whether any case has happened to authorize the receiver to act.

(5.) The receiver may be removed, and a new receiver may be appointed, from time to time, by the mortgagee by writing under his hand.

(6.) The receiver shall be entitled to retain out of any money received by him, for his remuneration, and in satisfaction of all costs, charges, and expenses incurred by him as receiver, a commission at such rate, not exceeding five per centum on the gross amount of all money received, as is specified in his appointment, and if no rate is so specified, then at the rate of five per centum on that gross amount, or at such higher rate as the court thinks fit to allow, on application made by him for that purpose.

(7.) The receiver shall, if so directed in writing by the mortgagee, insure and keep insured against loss or damage by fire, out of the money received by him, any building, effects, or property comprised in the mortgage, whether affixed to the freehold or not, being of an insurable nature.

(8.) The receiver shall apply all money received by him as follows (namely):

(i.) In discharge of all rents, taxes, rates, and outgoings whatever affecting the mortgaged property; and

(ii.) In keeping down all annual sums or other payments, and the interest on all principal sums, having priority to the mortgage in right whereof he is receiver; and

(iii.) In payment of his commission, and of the premiums on fire, life, or other insurances, if any, properly payable under the mortgage deed or under this Act, and the cost of executing necessary or proper repairs directed in writing by the mortgagee; and

(iv.) In payment of the interest accruing due in respect of any principal money due under the mortgage;

and shall pay the residue of the money received by him to the person who, but for the possession of the receiver, would have been entitled to receive the income of the mortgaged property, or who is otherwise entitled to that property.

*Action
respecting
Mortgage.
Sale of
mortgaged
property in
action for
foreclosure,
&c.*

Action respecting Mortgage.

25.—(1.) Any person entitled to redeem mortgaged property may have a judgment or order for sale instead of for redemption in an action brought by him either for redemption alone, or for sale alone, or for sale or redemption, in the alternative.

(2.) In any action, whether for foreclosure, or for redemption, or for sale, or for the raising and payment in any manner of mortgage money, the Court, on the request of the mortgagee, or of any person interested either in the mortgage money or in the right of redemption, and, notwithstanding the dissent of any other person, and notwithstanding that the mortgagee or any person so interested does not appear in the action, and without allowing any time for redemption or for payment of any mortgage money, may, if it thinks fit, direct a sale of the mortgaged property, on such terms as it thinks fit, including, if it thinks fit, the deposit in Court of a reasonable sum fixed by the Court, to meet the expenses of sale and to secure performance of the terms.

(3.) But, in an action brought by a person interested in the right of redemption and seeking a sale, the Court may, on the application of any defendant, direct the plaintiff to give such security for costs as the Court thinks fit, and may give the conduct of the sale to any defendant, and may give such directions as it thinks fit respecting the costs of the defendants or any of them.

(4.) In any case within this section the Court may, if it thinks fit, direct a sale without previously determining the priorities of incumbancers.

(5.) This section applies to actions brought either before or after the commencement of this Act.

(6.) The enactment described in Part II. of the Second Schedule to this Act is hereby repealed (*b*). 15 & 16 Vict.
c. 86, s. 48.

(7.) This section does not extend to Ireland.

XI.—POWERS OF ATTORNEY (*c*).

POWERS OF ATTORNEY.

46.—(1.) The donee of a power of attorney may, if he thinks fit, execute or do any assurance, instrument, or thing in and with his own name and signature and his own seal, where sealing is required, by the authority of the donor of the power; and every assurance, instrument, and thing so executed and done shall be as effectual in law, to all intents, as if it had been executed or done by the donee of the power in the name and with the signature and seal of the donor thereof.

Execution
under power
of attorney.

(2.) This section applies to powers of attorney created by instruments executed either before or after the commencement of this Act.

47.—(1.) Any person making or doing any payment or act, in good faith, in pursuance of a power of attorney, shall not be liable in respect of the payment or act by reason that before the payment or act the donor of the power had died or become lunatic, of unsound mind, or bankrupt, or had revoked the power, if the fact of death, lunacy, unsoundness of mind, bankruptcy, or revocation was not at the time of the payment or act known to the person making or doing the same.

Payment by
attorney
under power
without notice
of death, &c.
good.

(2.) But this section shall not affect any right against the payee of any person interested in any money so paid; and that person shall have the like remedy against the payee as he would have had against the payer if the payment had not been made by him.

(3.) This section applies only to payments and acts made and done after the commencement of this Act.

48.—(1.) An instrument creating a power of attorney, its execution being verified by affidavit, statutory declaration, or other sufficient evidence, may, with the affidavit or declaration, if any, be deposited in the Central Office of the Supreme Court of Judicature.

Deposit of
original
instruments
creating
powers of
attorney.

(2.) A separate file of instruments so deposited shall be kept, and any person may search that file, and inspect every instrument so deposited, and an office copy thereof shall be delivered out to him on request.

(*b*) This was an Act to amend the practice, &c. of the High Court of Chancery. The repealed sect. 48 gave the Court power in a foreclosure suit to direct a sale instead of foreclosure.

(*c*) See further as to powers of attorney, the Conveyancing Act, 1882, ss. 8, 9 (*post*, p. 384).

(3.) A copy of an instrument so deposited may be presented at the office, and may be stamped or marked as an office copy, and when so stamped or marked shall become and be an office copy.

(4.) An office copy of an instrument so deposited shall without further proof be sufficient evidence of the contents of the instrument and of the deposit thereof in the Central Office.

(5.) General Rules may be made for purposes of this section, regulating the practice of the Central Office, and prescribing, with the concurrence of the Commissioners of Her Majesty's Treasury, the fees to be taken therein.

(6.) This section applies to instruments creating powers of attorney executed either before or after the commencement of this Act.

XII.—CONSTRUCTION AND EFFECT OF DEEDS AND OTHER INSTRUMENTS.

Conveyance
by a person
to himself,
&c.

50.—(1.) Freehold land, or a thing in action, may be conveyed by a person to himself jointly with another person, by the like means by which it might be conveyed by him to another person; and may, in like manner, be conveyed by a husband to his wife, and by a wife to her husband, alone or jointly with another person.

(2.) This section applies only to conveyances made after the commencement of this Act.

Powers
simply
collateral.

52.—(1.) A person to whom any power, whether coupled with an interest or not, is given may by deed release, or contract not to exercise, the power.

(2.) This section applies to powers created by instruments coming into operation either before or after the commencement of this Act.

Construction
of supple-
mental or
annexed
deed.

53.—(1.) A deed expressed to be supplemental to a previous deed, or directed to be read as an annex thereto, shall, as far as may be, be read and have effect as if the deed so expressed or directed were made by way of indorsement on the previous deed, or contained a full recital thereof.

(2.) This section applies to deeds executed either before or after the commencement of this Act.

Receipt in
deed suffi-
cient.

54.—(1.) A receipt for consideration money or securities in the body of a deed shall be a sufficient discharge for the same to the person paying or delivering the same, without any further receipt for the same being indorsed on the deed.

(2.) This section applies only to deeds executed after the commencement of this Act.

Receipt in
deed or
indorsed,
evidence for
subsequent
purchaser.

55.—(1.) A receipt for consideration money or other consideration in the body of a deed or indorsed thereon shall, in favour of a subsequent purchaser, not having notice that the money or other consideration thereby acknowledged to be received was not in fact paid or given, wholly or in part, be sufficient evidence of the payment or giving of the whole amount thereof.

(2.) This section applies only to deeds executed after the commencement of this Act.

Receipt in
deed or
indorsed,
authority
for payment
to solicitor.

56.—(1.) Where a solicitor produces a deed, having in the body thereof or indorsed thereon a receipt for consideration money or other consideration, the deed being executed, or the indorsed receipt being signed, by the person entitled to give a receipt for that consideration,

the deed shall be sufficient authority to the person liable to pay or give the same for his paying or giving the same to the solicitor, without the solicitor producing any separate or other direction or authority in that behalf from the person who executed or signed the deed or receipt.

(2.) This section applies only in cases where consideration is to be paid or given after the commencement of this Act.

59.—(1.) A covenant, and a contract under seal, and a bond or obligation under seal, though not expressed to bind the heirs, shall operate in law to bind the heirs, and real estate, as well as the executors and administrators and personal estate, of the person making the same, as if heirs were expressed. Covenants to extend to heirs, &c.

(2.) This section extends to a covenant implied by virtue of this Act.

(3.) This section applies only if and as far as a contrary intention is not expressed in the covenant, contract, bond, or obligation, and shall have effect subject to the terms of the covenant, contract, bond, or obligation, and to the provisions therein contained.

(4.) This section applies only to a covenant, contract, bond, or obligation made or implied after the commencement of this Act.

60.—(1.) A covenant, and a contract under seal, and a bond or obligation under seal, made with two or more jointly, to pay money or to make a conveyance, or to do any other act, to them or for their benefit, shall be deemed to include, and shall, by virtue of this Act, imply, an obligation to do the act to, or for the benefit of, the survivor or survivors of them, and to, or for the benefit of, any other person to whom the right to sue on the covenant, contract, bond or obligation devolves. Effect of covenant with two or more jointly.

(2.) This section extends to a covenant implied by virtue of this Act.

(3.) This section applies only if and as far as a contrary intention is not expressed in the covenant, contract, bond, or obligation, and shall have effect subject to the covenant, contract, bond, or obligation, and to the provisions therein contained.

(4.) This section applies only to a covenant, contract, bond, or obligation made or implied after the commencement of this Act.

61.—(1.) Where in a mortgage, or an obligation for payment of money, or a transfer of a mortgage or of such an obligation, the sum, or any part of the sum, advanced or owing is expressed to be advanced by or owing to more persons than one out of money, or as money, belonging to them on a joint account, or a mortgage, or such an obligation, or such a transfer is made to more persons than one, jointly, and not in shares, the mortgage money, or other money, or money's worth for the time being due to those persons on the mortgage or obligation, shall be deemed to be and remain money or money's worth belonging to those persons on a joint account, as between them and the mortgagor or obligor; and the receipt in writing of the survivors or last survivor of them, or of the personal representatives of the last survivor, shall be a complete discharge for all money or money's worth for the time being due, notwithstanding any notice to the payer of a severance of the joint account. Effect of advance on joint account, &c.

(2.) This section applies only if and as far as a contrary intention is not expressed in the mortgage, or obligation, or transfer, and shall have effect subject to the terms of the mortgage, or obligation, or transfer, and to the provisions therein contained.

(3.) This section applies only to a mortgage, or obligation, or transfer made after the commencement of this Act.

Provision for
all the estate,
&c.

63.—(1.) Every conveyance shall, by virtue of this Act, be effectual to pass all the estate, right, title, interest, claim, and demand which the conveying parties respectively have, in, to, or on the property conveyed, or expressed or intended so to be, or which they respectively have power to convey in, to, or on the same.

(2.) This section applies only if and as far as a contrary intention is not expressed in the conveyance, and shall have effect subject to the terms of the conveyance and to the provisions therein contained.

(3.) This section applies only to conveyances made after the commencement of this Act.

Construction
of implied
covenants.

64. In the construction of a covenant or proviso, or other provision, implied in a deed by virtue of this Act, words importing the singular or plural number, or the masculine gender, shall be read as also importing the plural or singular number, or as extending to females, as the case may require.

MISCELLA-
NEOUS.

XV.—MISCELLANEOUS.

Regulations
respecting
notice.

67.—(1.) Any notice required or authorized by this Act to be served shall be in writing.

(2.) Any notice required or authorized by this Act to be served on a lessee or mortgagor shall be sufficient, although only addressed to the lessee or mortgagor by that designation, without his name, or generally to the persons interested, without any name, and notwithstanding that any person to be affected by the notice is absent, under disability, unborn, or unascertained.

(3.) Any notice required or authorized by this Act to be served shall be sufficiently served if it is left at the last-known place of abode or business in the United Kingdom of the lessee, lessor, mortgagee, mortgagor, or other person to be served, or, in case of a notice required or authorized to be served on a lessee or mortgagor, is affixed or left for him on the land or any house or building comprised in the lease or mortgage, or, in case of a mining lease, is left for the lessee at the office or counting-house of the mine.

(4.) Any notice required or authorized by this Act to be served shall also be sufficiently served, if it is sent by post in a registered letter addressed to the lessee, lessor, mortgagee, mortgagor, or other person to be served, by name, at the aforesaid place of abode or business, office, or counting-house, and if that letter is not returned through the post-office undelivered; and that service shall be deemed to be made at the time at which the registered letter would in the ordinary course be delivered.

(5.) This section does not apply to notices served in proceedings in the Court.

Short title of
5 & 6 Will. 4,
c. 62.

68. The Act described in Part II. of the First Schedule to this Act shall, by virtue of this Act, have the short title of the Statutory Declarations Act, 1835, and may be cited by that short title in any declaration made for any purpose under or by virtue of that Act, or in any other document, or in any Act of Parliament.

CONVEYANCING ACT, 1882.

45 & 46 VICT. c. 39. (*In part.*)

An Act for further improving the practice of Conveyancing; and for other purposes. [10th August, 1882.]

Preliminary.

1.—(1.) This Act may be cited as the Conveyancing Act, 1882; and the Conveyancing and Law of Property Act, 1881 (in this Act referred to as the Conveyancing Act of 1881) and this Act may be cited together as the Conveyancing Acts, 1881, 1882.

(2.) This Act, except where it is otherwise expressed, shall commence and take effect from and immediately after the thirty-first day of December one thousand eight hundred and eighty-two, which time is in this Act referred to as the commencement of this Act.

(3.) This Act does not extend to Scotland.

(4.) In this Act and in the Schedule thereto—

(i.) Property includes real and personal property, and any debt, and any thing in action, and any other right or interest in the nature of property, whether in possession or not;

(ii.) Purchaser includes a lessee or mortgagee, or an intending purchaser, lessee, or mortgagee, or other person, who, for valuable consideration, takes or deals for property, and purchase has a meaning corresponding with that of purchaser.

Preliminary.

Short titles; commencement; extent; interpretation.

Notice.

3.—(1.) A purchaser shall not be prejudicially affected by notice of any instrument, fact, or thing unless—

(i.) It is within his own knowledge, or would have come to his knowledge if such inquiries and inspections had been made as ought reasonably to have been made by him; or

(ii.) In the same transaction with respect to which a question of notice to the purchaser arises, it has come to the knowledge of his counsel, as such, or of his solicitor, or other agent, as such, or would have come to the knowledge of his solicitor, or other agent, as such, if such inquiries and inspections had been made as ought reasonably to have been made by the solicitor or other agent.

(2.) This section shall not exempt a purchaser from any liability under, or any obligation to perform or observe, any covenant, condition, provision, or restriction contained in any instrument under which his title is derived, mediately or immediately; and such liability or obligation may be enforced in the same manner and to the same extent as if this section had not been enacted.

(3.) A purchaser shall not by reason of anything in this section be affected by notice in any case where he would not have been so affected if this section had not been enacted.

(4.) This section applies to purchases made either before or after the commencement of this Act; save that, where an action is pending at the commencement of this Act, the rights of the parties shall not be affected by this section.

Notice.

Restriction on constructive notice.

Powers of Attorney.
Effect of power of attorney, for value, made absolutely irrevocable.

Powers of Attorney.

8.—(1.) If a power of attorney, given for valuable consideration, is in the instrument creating the power expressed to be irrevocable, then, in favour of a purchaser,—

(i.) The power shall not be revoked at any time, either by anything done by the donor of the power without the concurrence of the donee of the power, or by the death, marriage, lunacy, unsoundness of mind, or bankruptcy of the donor of the power; and

(ii.) Any act done at any time by the donee of the power, in pursuance of the power, shall be as valid as if anything done by the donor of the power without the concurrence of the donee of the power, or the death, marriage, lunacy, unsoundness of mind, or bankruptcy of the donor of the power, had not been done or happened; and

(iii.) Neither the donee of the power nor the purchaser shall at any time be prejudicially affected by notice of anything done by the donor of the power, without the concurrence of the donee of the power, or of the death, marriage, lunacy, unsoundness of mind, or bankruptcy of the donor of the power.

(2.) This section applies only to powers of attorney created by instruments executed after the commencement of this Act.

Effect of power of attorney, for value or not, made irrevocable for fixed time.

9.—(1.) If a power of attorney, whether given for valuable consideration or not, is in the instrument creating the power expressed to be irrevocable for a fixed time therein specified, not exceeding one year from the date of the instrument, then, in favour of a purchaser,—

(i.) The power shall not be revoked, for and during that fixed time, either by anything done by the donor of the power without the concurrence of the donee of the power, or by the death, marriage, lunacy, unsoundness of mind, or bankruptcy of the donor of the power; and

(ii.) Any act done within that fixed time, by the donee of the power, in pursuance of the power, shall be as valid as if anything done by the donor of the power without the concurrence of the donee of the power, or the death, marriage, lunacy, unsoundness of mind, or bankruptcy of the donor of the power, had not been done or happened; and

(iii.) Neither the donee of the power, nor the purchaser, shall at any time be prejudicially affected by notice either during or after that fixed time of anything done by the donor of the power during that fixed time, without the concurrence of the donee of the power, or of the death, marriage, lunacy, unsoundness of mind, or bankruptcy of the donor of the power within that fixed time.

(2.) This section applies only to powers of attorney created by instruments executed after the commencement of this Act.

Mortgages.
Reconveyance on mortgage.

Mortgages.

12. The right of the mortgagor, under section fifteen of the Conveyancing Act of 1881, to require a mortgagee, instead of reconveying, to assign the mortgage debt and convey the mortgaged property to a third person, shall belong to and be capable of being enforced by each incumbrancer, or by the mortgagor, notwithstanding any intermediate incumbrance; but a requisition of an incumbrancer shall prevail over a requisition of the mortgagor, and, as between incumbrancers, a requisition of a prior incumbrancer shall prevail over a requisition of a subsequent incumbrancer.

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